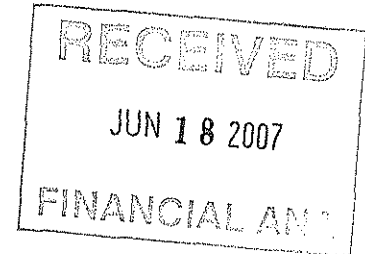




P.O. Box 1118 951 Fairview Avenue
Bowling Green, KY 42102
Phone: (270)842-6541
Emergency: 1-888-291-9133
Fax: (270)393-2620

2007 - 00237



June 14, 2007

Ms. Beth O'Donnell
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case # Gas Cost Adjustment Report

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, August 1, 2007 through October 31, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard". The signature is fluid and cursive, with a large loop at the end.

Gary K. Dillard
Executive Vice President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: July 1, 2007

Date Rates to be Effective: August 1, 2007 to October 31, 2007

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 7.7728
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(2.8070)
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0125)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 4.9533

GCR to be effective for service rendered from 08/1/07 to 10/31/07.

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	800,555.46
+ Sales for the 12 months ended 4/30/2007	Mcf	<u>102,994.70</u>
- Expected Gas Cost (EGC)	\$/Mcf	7.7728
B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	\$ -
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	<u>\$ -</u>
= Refund Adjustment (RA)	\$/Mcf	\$ -
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.9879)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.7344)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0557)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (1.0290)</u>
= Actual Adjustment (AA)	\$/Mcf	\$ (2.8070)
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0023)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0076
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0224)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ 0.0046</u>
= Balance Adjustment (BA)	\$/Mcf	\$ (0.0125)

SCHEDULE II
EXPECTED GAS COST

Appendix B
Page 3

Actual* Mcf Purchase for 12 months ended

04/30/07

(1) Supplier	(2) Dth	(3) Heat Rate	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
May-06 Atmos Energy Marketing	7,970.00	1.034	6,552.22	7.897	51,740.92
Jun-06 Atmos Energy Marketing	6,775.00	1.034	6,552.22	7.897	51,740.92
Jul-06 Atmos Energy Marketing	6,365.00	1.034	6,155.71	7.897	48,609.80
Aug-06 Atmos Energy Marketing	6,443.00	1.034	6,231.14	7.897	49,205.44
Sep-06 Atmos Energy Marketing	7,015.00	1.034	6,784.33	7.897	53,573.82
Oct-06 Atmos Energy Marketing	8,672.00	1.034	8,386.85	7.897	66,228.44
Nov-06 Atmos Energy Marketing	9,834.00	1.034	9,510.64	7.897	75,102.67
Dec-06 Atmos Energy Marketing	10,031.00	1.034	9,701.16	7.897	76,607.15
Jan-07 Atmos Energy Marketing	11,944.00	1.034	11,551.26	7.897	91,216.83
Feb-07 Atmos Energy Marketing	11,930.00	1.034	11,537.72	7.897	91,109.91
Mar-07 Atmos Energy Marketing	9,722.00	1.034	9,402.32	7.897	74,247.30
Apr-07 Atmos Energy Marketing	<u>9,319.00</u>	<u>1.034</u>	<u>9,012.57</u>	<u>7.897</u>	<u>71,172.27</u>
Totals	106,020.00	1.046	101,378.14	7.897	800,555.46

Line losses are 101,378.14 Mcf and sales of 102,995 Mcf. -1.59% for 12 months ended 4/30/2007 based on purchases of

	Unit	Amount
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 800,555.46
Expected Mcf Purchases (4)	Mcf	<u>101,378.14</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 7.897
Plus: Expected Losses of (not to exceed 5%)	Mcf	<u>101,378.14</u>
= Total Expected Gas Cost	\$	\$ 800,555.46

Allowable Sales (maximum losses of 5%).

\$800,555.46

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 4/30/2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended 4/30/2007	Mcf	102,995
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV
ACTUAL ADJUSTMENT

Appendix B
Page 5

For the 3 month period ended 4/30/2007

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Feb-07</u>	Month 2 <u>Mar-07</u>	Month 3 <u>Apr-07</u>
Total Supply Volumes Purchased	Mcf	11,537.72	9,402.32	9,012.57
Total Cost of Volumes Purchased	\$	\$ 96,180.45	\$ 78,000.34	\$ 74,871.05
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 11,665.80</u>	<u>\$ 9,395.20</u>	<u>\$ 10,437.20</u>
= Unit Cost of Gas	\$/Mcf	\$ 8.2447	\$ 8.3021	\$ 7.1735
- EGC in effect for month	\$/Mcf	<u>\$ 11.1370</u>	<u>\$ 11.1370</u>	<u>\$ 11.1370</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (2.8923)	\$ (2.8349)	\$ (3.9635)
x Actual sales during month	Mcf	<u>11,665.80</u>	<u>9,395.20</u>	<u>10,437.20</u>
= Monthly cost difference	\$	(33,741.56)	(26,634.00)	(41,368.05)

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ (101,743.61)
+ Sales for 12 months ended <u>4/30/2007</u>	Mcf	<u>102,995</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.9879)

SCHEDULE V
BALANCE ADJUSTMENT

Appendix B
Page 6

For the 3 month period ended 4/30/2007

Line	Particulars	Unit	Amount
1	(1) Total cost difference from actual adjustment used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>23,348.82</u> Case No. 2006-00126
2	Less: Dollars amount resulting from the AA of <u>2.3813</u> \$/MCF as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of <u>9,906</u> MCF during the 12 month period the AA was in effect.	\$	<u>23,589.16</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>(240.34)</u>
5	(3) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
6	Less: Dollar amount resulting from the RA of <u>-</u> \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of <u>102,995</u> MCF during the 12 month period the RA was in effect.	\$	<u>-</u>
8	Equals: Balance Adjustment for the RA.	\$	<u>-</u>
9	(3) Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	<u>-</u>
10	Less: Dollar amount resulting from the BA of <u>-</u> \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of <u>102,995</u> MCF during the 12 month period the BA was in effect.	\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>-240.34</u>
14	Divided By: Sales for 12 months ended 4/30/2007	\$	<u>102,995</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.0023)</u>