



Steven L. Beshear  
Governor

Robert D. Vance, Secretary  
Environmental and Public  
Protection Cabinet

Timothy J. LeDonne  
Commissioner  
Department of Public Protection

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P. O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Vice Chairman

Caroline Pitt Clark  
Commissioner

December 17, 2007

Charlie Hercher  
GASCO Distribution Systems, Inc.  
1014 N. Cross Street  
P. O. Box 655  
Albany, KY 42602

RE: Case No. 2007-00519  
GASCO Distribution Systems, Inc.  
(Purchased Gas Adjustment)  
**PURCHASE GAS ADJUSTMENT**

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received December 14, 2007 and has been assigned Case No. 2007-00519. In all future correspondence or filings in connection with this case, please reference the above case number.

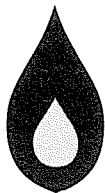
If you need further assistance, please contact Dawn McGee at (502) 564-3940 ext. 243.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

BOD/tw



**GASCO**  
**DISTRIBUTION SYSTEMS, INC.**

4445 EAST PIKE

ZANESVILLE, OH 43701

OFFICE 740 454-6198

FAX 740 454-7780

2007-519

December 12, 2007

RECEIVED

DEC 14 2007

PUBLIC SERVICE  
COMMISSION

Ms Beth A. O'Donnell  
Commonwealth of Kentucky  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Dear Ms O'Donnell:

Attached please find the original and five copies of the quarterly report of gas cost recovery rate calculation for rates to be effective February 1, 2008. Please have one copy time-stamped and returned to us in the self-addressed stamped envelope.

If there are any questions concerning the filing, please call me at 740-454-6198 extension 122. Thank you for your cooperation in this matter.

Very truly yours,

Kenneth D. Magyar

KDM:tlk

Enclosure

GASCO DISTRIBUTION SYSTEMS, INC.

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

December 14, 2007

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Date Rates to be Effective:

February 1, 2008

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Reporting Period is Period Ended:

September 30, 2007

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	11.3359
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	6.2721
+ Balance Adjustment (BA)	\$/Mcf	-
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>17.6080</u>

GCR to be effective for service rendered from February 1, 2008 to April 30, 2008

A.	<u>'EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	219,247
	+ Sales for the 12 months ended September 30, 2007	Mcf	19,341
	<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>11.3359</u>
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Ach. III)	\$/Mcf	-
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
	<u>+ Third Previous Quarter Supplier Refund Adjustment</u>	\$/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	0.2311
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	4.8755
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0000
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0000
	<u>+/- Other cost adjustments</u>	\$/Mcf	<u>1.1655</u>
	= Actual Adjustment (AA)	\$/Mcf	6.2721
			10 YRS
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	-
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	-
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	-
	<u>+ Third Previous Quarter Reported Balance Adjustment</u>	\$/Mcf	<u>-</u>
	= Balance Adjustment (BA)	\$/Mcf	-

SCHEDULE II  
EXPECTED GAS COST

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Actual Mcf	(5)** Projected Rate	(6) (4) x (5) Cost	
The Titan Energy Group, Inc.	Feb-08	5,191	1.035	5,015	9.2729	46,503.59
The Titan Energy Group, Inc.	Mar-08	1,715	1.035	1,657	9.2729	15,365.20
The Titan Energy Group, Inc.	Apr-08	1,524	1.035	1,472	9.2729	13,649.71
The Titan Energy Group, Inc.	May-08	995	1.035	961	9.2729	8,911.26
The Titan Energy Group, Inc.	Jun-08	811	1.035	784	9.2729	7,269.95
The Titan Energy Group, Inc.	Jul-08	338	1.035	327	9.2729	3,032.24
The Titan Energy Group, Inc.	Aug-08	414	1.035	400	9.2729	3,709.16
The Titan Energy Group, Inc.	Sep-08	392	1.035	379	9.2729	3,514.43
The Titan Energy Group, Inc.	Oct-08	889	1.035	859	9.2729	7,965.42
The Titan Energy Group, Inc.	Nov-08	2,009	1.035	1,941	9.2729	17,998.70
The Titan Energy Group, Inc.	Dec-08	2,442	1.035	2,359	9.2729	21,874.77
The Titan Energy Group, Inc.	Jan-09	3,299	1.035	3,187	9.2729	29,552.73
Sub-total				19,341		\$179,347.16

Add in: Annual East Tennessee Demand Charge \$2,411.45 x 12 mo. \$28,937.40  
\$208,284.56

Line loss for the 12 months ended is \_\_\_\_\_ - or 0.00% based on purchases of 19,341 Mcf and sales of 19,341 Mcf.

	Unit	Amount
Total Expected Cost of Purchase (6) (See attached schedule)	\$	\$208,284.56
/ MCF Purchases (4)	Mcf	19,341
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.7691
x Allowable Mcf purchases (must not exceed Mcf Sales / .95)	Mcf	20,359
= Total Expected Gas Cost (to Schedule IA.)	\$	219,246.90

\* 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 September 30, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	-0-
+ Interest	\$	-0-
<u>= Refund Adjustment including interest</u>	\$	<u>-0-</u>
<u>/ sales for 12 months ended September 30, 2007</u>	Mcf	<u>19,341</u>
<u>= Supplier Refund Adjustment for the Reporting Period</u> (to Schedule IB.)	\$/Mcf	-0-

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended September 30, 2007

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Jul-07</u>	Month 2 <u>Aug-07</u>	Month 3 <u>Sep-07</u>
Total Supply Volume Purchased	Mcf	327	400	379
Total Cost of Volume Purchased	\$	\$ 3,782.72	\$ 3,499.73	\$ 3,288.44
/ Total Sales (may not be less than 95% of supply volumes)	Mcf	327	400	379
<hr/> = Unit Cost of Gas	\$/Mcf	<hr/> 11.5680	<hr/> 8.7493	<hr/> 8.6766
- EGC in effect for month	\$/Mcf	4.4427	4.4427	7.5766
<hr/> = Difference	\$/Mcf	<hr/> 7.1253	<hr/> 4.3066	<hr/> 1.1000
[ (Over-)/ Under-Recovery]				
x Actual Sales During Period	Mcf	327	400	379
<hr/> = Monthly cost difference	\$	<hr/> \$ 2,329.96	<hr/> \$ 1,722.65	<hr/> \$ 416.91

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	4,469.52
/ Sales for 12 months ended <u>September 30, 2007.</u>	Mcf	<hr/> 19,341
<hr/> = Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	0.2311

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended September 30, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the AA of _____ \$/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 _____ Mcf during the 12-month period the AA was in effect.	\$	
Equals: Balance Adjustment for the AA.	\$	_____
(2) 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.	\$	
Less: Dollar amount resulting from the RA of _____ \$/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 _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	_____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/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 _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	_____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	
/ Sales for 12 months ended <u>September 30, 2007</u> .	Mcf	
<hr/> = Balance Adjustment for the Reporting Period (to Schedule ID.)	\$ / Mcf	_____