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AUG 2 5 2008 PUBLIC SERVICE

COMMISSION

2008-347

August 22, 2008

Ms. Stephanie Stumbo

Executive Director, Public Service Commission PO Box 615 / 211 Sower Blvd. Frankfort, KY 42602

RE: Case #

Gas Cost Adjustment Report

Dear Ms. Stumbo:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, October 1, 2008 to Decmber 31, 2008.

Sincerely,

Gary K. Dillard President

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# PUBLIC SERVICE COMMISSION

### QUARTERLY REPORT OF GAS COST RECOVERY RATE CALCULATION

Date Filed: 1-Sep-08	
Date Rates to be Effective:	October 31, 2008 TO December 31, 2008
Reporting Period is Calendar Quar	ter Ended:

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\$

0.0879

\$/Mcf

## SCHEDULE I

GAS COST RECOVERY RATE SUM	MARY	
Component	<u>Unit</u> <u>Amount</u>	<u>t</u>
Expected Gas Cost (EGC) + Refund Adjustment (RA) + Actual Adjustment (AA) + Balance Adjustment (BA) = Gas Cost Recovery Rate (GCR)	\$/Mcf \$ \$/Mcf \$/Mcf \$/Mcf \$/Mcf \$/Mcf	8.1088 - 1.5557 0.0879 9.7524
GCR to be effective for service rendered from:	10-01-08 TO 12-31-08	
A. EXPECTED GAS COST CALCULATION	<u>Unit</u> <u>Amoun</u>	<u>t</u>
Total Expected Gas Cost (Schedule II) + Sales for the 12 months ended 7/31/2008	Mcf108	,330.62 ,195.10
- Expected Gas Cost (EGC)  B. REFUND ADJUSTMENT CALCULATION	\$/Mcf	8.1088

Total Expected Gas Cost (Schedule II) + Sales for the 12 months ended 7/31/2008	\$ Mcf		77,330.62 08,195.10
- Expected Gas Cost (EGC)	\$/Mcf		8.1088
B. REFUND ADJUSTMENT CALCULATION	<u>Unit</u>	Amo	<u>unt</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	\$	
= Refund Adjustment (RA)	\$/Mcf	\$	-
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	Amo	<u>unt</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$	0.4784
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.5300
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.3616
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.1857
=Actual Adjustment (AA)	\$/Mcf	\$	1.5557
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	Amo	<u>unt</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$	0.0475
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	0.0319
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	0.0013
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$</u>	0.0072

=Balance Adjustment (BA)

#### SCHEDULE II EXPECTED GAS COST

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\$877,330.62

Actual* Mcf Purchase for 12 months ended			07/31/08		HIDDOO COLOR	-	
(1)	(2)	(3) Heat	(4)	(5)	(6) (4) x (5)		
Supplier	<u>Dth</u>	Rate	<u>Mcf</u>	Rate	Cost		
Aug-07 Atmos Energy Marketing	6,471.00	1.034	6,258.22	8.5863	53,734.95		
Sep-07 Atmos Energy Marketing	6,333.00	1.034	6,124.76	8.5863	52,589.03		
Oct-07 Atmos Energy Marketing	8,152.00	1.034	7,883.95	8.5863	67,693.96		
Nov-07 Atmos Energy Marketing	9,279.00	1.034	8,973.89	8.5863	77,052.51		
Dec-07 Atmos Energy Marketing	10,737.00	1.034	10,383.95	8.5863	89,159.71		
Jan-08 Atmos Energy Marketing	11,935.00	1.034	11,542.55	8.5863	99,107.80		
Feb-08 Atmos Energy Marketing	11,814.00	1.034	11,425.53	8.5863	98,103.03		
Mar-08 Atmos Energy Marketing	10,912.00	1.034	10,553.19	8.5863	90,612.86		
Apr-08 Atmos Energy Marketing	9,012.00	1.034	8,715.67	8.5863	74,835.36		
May-08 Atmos Energy Marketing	7,808.00	1.034	7,551.26	8.5863	64,837.38		
Jun-08 Atmos Energy Marketing	6,365.00	1.034	6,155.71	8.5863	52,854.77		
Jul-08 Atmos Energy Marketing	6,834.00	1.034	6,609.28	8.5863	56,749.26		
Totals	105,652.00	1.034	102,177.96	8.5863	877,330.62		
Line losses are	-5 89% f	or 12 months ended	7/31/2008 b	ased on nu	rchases of		
102,177.96 Mcf and sales of		108,195	Mcf.	used on pu	rendses of		
					<u>Unit</u>	Am	<u>ount</u>
Total Expected Cost of Purchases (6) (to	Schedule IA.)				\$	\$	877,330.62
Expected Mcf Purchases (4)	ŕ				Mcf		102,177.96
= Average Expected Cost Per Mcf Purcha	sed				\$/Mcf	\$	8.5863
Plus: Expected Losses of		not to exceed 5%)	(D26/0 95) if	fline loss > 5%	Mcf		877,330.62
= Total Expected Gas Cost	,		(J32*	J33 if line loss)	\$	\$	877,330.62

<sup>\*</sup>Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

Allowable Sales (maximum losses of 5%).

<sup>\*\*</sup>Supplier's tariff sheets or notices are attached.

# SCHEDULE III SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 7/31/2008

Particulars  Total supplier refunds received  + Interest	<u>Unit</u>	<u>Am</u>	<u>ount</u>
	\$	\$	-
	\$	\$	-
= Refund Adjustment including interest	\$	\$	-
+ Sales for 12 months ended 7/31/2008	Mcf		108,195
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$	-

### SCHEDULE IV ACTUAL ADJUSTMENT

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For the 3 month period ended \_\_\_\_\_\_ 7/31/2008

<u>-</u>					
		Month 1	Month 2	M	onth 3
<u>Particulars</u>	<u>Unit</u>	May-08	J	un-08	Jul-08
Total Supply Volumes Purchased	Mcf	7,551.26		55.71	6,609.28
Total Cost of Volumes Purchased	\$	\$ 92,088.56	\$ 79,13	53.96 \$	93,197.42
Total Sales	Mcf	\$ 8,067.60	\$ 6,4	75.60 \$	7,405.00
(may not be less than 95% of supply volumes) (G8*0.95)					
= Unit Cost of Gas	\$/Mcf	\$ 11.4146	\$ 12.	2234 \$	12.5857
- EGC in effect for month	\$/Mcf	\$ 9.6903	\$ 9.	6903 \$	9.6903
= Difference [ (Over-)/Under-Recovery]	\$/Mcf	\$ 1.7243	\$ 2.	.5331 \$	2.8954
x Actual sales during month	Mcf	8,067.60	6,4	75.60	7,405.00
= Monthly cost difference	\$	13,911.10	16,40	03.45	21,440.75
Total cost difference (Month 1 + Month 2 + Month	13)	<u>Unit</u> \$	<u>Amount</u> \$ 51,7:	55.30	
+ Sales for 12 months ended 7/31/2008		Mcf	103	<u>8,195</u>	
= Actual Adjustment for the Reporting Period (to Schedule IC.)		\$/Mcf	\$ 0.	.4784	

#### SCHEDULE V BALANCE ADJUSTMENT

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For the 3 month period ended

7/31/2008

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	\$	(101,743.61) Case No. 2007-00237
2 Less:	Dollars amount resulting from the AA of (0.9879) \$/MCF as used to compute the GCR in effect four quarters prior to the effective		
3	date of the currently effective GCR times the sales of 108,195 MCF during the 12 month period the AA was in effect	\$	(106,885.94)
4 Equals:	Balance Adjustment for the AA	\$	5,142.33
(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.	\$	
6 Less:	Dollar amount resulting from the RA of as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of  108,195 MCF		
7	during the 12 month period the RA was in effect	\$	***************************************
8 Equals:	Balance Adjustment for the RA	\$	-
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 - \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 108,195 MCF during the 12 month		
11	period the BA was in effect	\$	
12 Equals:	Balance Adjustment for the BA	\$	-
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	5142.33
14 Divided By:	Sales for 12 months ended 7/31/2008	\$	108,195
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID)	\$/MCF	0.0475