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MAR 2 2012

PUBLIC SERVICE
COMMISSION

February 24, 2012

Mr. Jeff Derouen, Executive Director
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 40602

RE: Case # Gas Cost Adjustment Report

Dear Mr. Derouen:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter April 1, 2012 to June 30, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Wayne Goodrum". The signature is written in black ink and is positioned above the printed name and title.

Wayne Goodrum
Manager

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: 1-Mar-12

Date Rates to be Effective: April 1, 2012 TO June 30, 2012

Reporting Period is Calendar Quarter Ended: November 1, 2011 TO January 31, 2012

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 3.3169
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.0434)
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0359)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 3.2376

GCR to be effective for service rendered from: **04-01-12 TO 06-30-12**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	363,391.32
+ Sales for the 12 months ended 1/31/2012	Mcf	<u>109,556.70</u>
- Expected Gas Cost (EGC)	\$/Mcf	3.3169

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	\$ (0.0715)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0927)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0490
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.0718</u>
=Actual Adjustment (AA)	\$/Mcf	\$ (0.0434)

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.000066)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0004
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0004)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0358)</u>
=Balance Adjustment (BA)	\$/Mcf	\$ (0.0359)

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended

01/31/12

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) <u>Heat Rate</u>	(4) <u>Mcf</u>	(5) <u>Rate</u>	(6) <u>(2) x (5) Cost</u>
Feb-11 Utility Gas Management	12,370.00	1.0184	12,146.50	3.1800	39,336.60
Mar-11 Utility Gas Management	11,145.00	1.0174	10,954.39	3.1800	35,441.10
Apr-11 Utility Gas Management	8,371.00	1.0150	8,247.29	3.1800	26,619.78
May-11 Utility Gas Management	8,204.00	1.0170	8,066.86	3.1800	26,088.72
Jun-11 Utility Gas Management	7,556.00	1.0189	7,415.84	3.1800	24,028.08
Jul-11 Utility Gas Management	6,864.00	1.0148	6,763.89	3.1800	21,827.52
Aug-11 Utility Gas Management	6,312.00	1.0143	6,223.01	3.1800	20,072.16
Sep-11 Utility Gas Management	7,905.00	1.0110	7,818.99	3.1800	25,137.90
Oct-11 Utility Gas Management	8,861.00	1.0141	8,737.80	3.1800	28,177.98
Nov-11 Utility Gas Management	10,301.00	1.0135	10,163.79	3.1800	32,757.18
Dec-11 Utility Gas Management	12,174.00	1.0112	12,039.16	3.1800	38,713.32
Jan-12 Utility Gas Management	14,211.00	1.0113	14,052.21	3.1800	45,190.98
Totals	114,274.00	1.0146	112,629.75	3.1800	363,391.32

Line losses are 2.73% for 12 months ended 1/31/2012 based on purchases of
112,629.75 Mcf and sales of 109,556.70 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 363,391.32
Expected Mcf Purchases (4)	Mcf	<u>112,629.75</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 3.2264
Plus: Expected Losses of (not to exceed 5%)	Mcf	<u>363,391.32</u>
= Total Expected Gas Cost	\$	\$ 363,391.32

Allowable Sales (maximum losses of 5%). 363,391.32

*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 1/31/2012

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended ___ 1/31/2012	Mcf	109,557
<hr/>		
=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 1/31/2012

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Nov-11</u>	Month 2 <u>Dec-11</u>	Month 3 <u>Jan-12</u>
Total Supply Volumes Purchased	Mcf	10,163.79	12,039.16	14,052.21
Utility Gas Management				
Total Cost of Volumes Purchased	\$	\$ 45,320.28	\$ 55,529.02	\$ 60,090.37
 Total Sales	 Mcf	 <u>\$ 9,828.60</u>	 <u>\$ 12,380.60</u>	 <u>\$ 13,349.60</u>
(may not be less than 95% of supply volumes) (G8*0.95)				
= Unit Cost of Gas	\$/Mcf	\$ 4.6111	\$ 4.4852	\$ 4.5013
- EGC in effect for month	\$/Mcf	<u>\$ 5.0401</u>	<u>\$ 5.0401</u>	<u>\$ 4.2487</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (0.4290)	\$ (0.5549)	\$ 0.2526
 x Actual sales during month	 Mcf	 <u>9,828.60</u>	 <u>12,380.60</u>	 <u>12,865.20</u>
= Monthly cost difference	\$	(4,216.85)	(6,870.44)	3,249.57

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ (7,837.72)
+ Sales for 12 months ended <u>1/31/2012</u>	Mcf	<u>109,557</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.0715)

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended 1/31/2012

Line	Particulars	Unit	Amount
	Utility Gas Management		
(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.		
1		\$	<u>3,684.87</u> Case No. 2010-00456
2 Less:	Dollars amount resulting from the AA of <u>0.0337</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 #####		
3	MCF during the 12 month period the AA was in effect.	\$	<u>3,692.06</u>
4 Equals:	Balance Adjustment for the AA.	\$	<u>(7.19)</u>
(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.		
5		\$	<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 109,557 MCF		
7	during the 12 month period the RA was in effect.	\$	<u>-</u>
8 Equals:	Balance Adjustment for the RA.	\$	<u>-</u>
(3)	Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.		
9		\$	<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 109,557 MCF during the 12 month period the BA was in effect.		
11		\$	<u>-</u>
12 Equals:	Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>-7.19</u>
14 Divided By:	Sales for 12 months ended 1/31/2012	\$	<u>109,557</u>
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.000066)</u>

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. _____
1st SHEET NO. 7
Canceling P.S.C. KY NO. _____
SHEET NO. _____

Millennium Energy, Inc.
RULES AND REGULATIONS

Gas Cost Adjustment Clause

The rates authorized herein are based upon the wholesale cost of gas to Millennium Energy, inc. as computed using rates of its wholesale suppliers currently in effect. In the event there is an increase or decrease in wholesale gas cost Millennium shall file with this Commission the following information within 30 days:

1. A copy of the contract or wholesale supplier notification effecting the change in rate and a statement relative to the effective rate of such proposed change.
2. A statement setting out gas sales for the most recent 12 months.
3. A statement setting out the details of gas purchased for the most recent 12 months showing billing from the supplier(s) under the most recent rate(s) and under the proposed supplier rate. The difference between the amounts so determined shall be divided by Millennium's sales for the most recent 12 months, provided Millennium's line loss for the same 12 month period does not exceed 5%. If line loss exceeds 5%, the difference shall be divided by allowable sales calculated as (purchases x .95).
4. A signed and dated tariff sheet showing Millennium's proposed rates for service based on the change in supplier rate. An increase in rates shall not be effective with less than 30 days notice unless a waiver is requested and granted.
5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

In the event that Millennium receives from its supplier a refund, bill adjustment or credit of amounts paid to such supplier in respect of a prior period, Millennium will apply to the Commission within 30 days for authority to make adjustments on the rates charged to its customers under this provision as follows:

1. The "refundable amount" shall be the amount received by Millennium as a refund. Each refundable amount shall be divided by the Mcfs of gas that Millennium estimates it will sell to its customers during the four month period commencing with the first day of the month following receipt of the refunds, thus determining a "refund adjustment"

DATE OF ISSUE 2-24-12 DATE EFFECTIVE 4-1-2012
MONTH DAY YEAR
SIGNED BY: Wayne Goodrum President
NAME OF OFFICER TITLE ADDRESS

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. 1
1st 8 SHEET NO. 8
Canceling P.S.C. KY NO. _____
SHEET NO. _____

Millennium Energy, Inc.
RULES AND REGULATIONS

2. Upon commission approval, Millennium will reduce by the calculated factor any purchased gas adjustment that would otherwise be applicable during such period.
3. In the event of any large or unusual refund, Millennium may apply to the commission for the right to depart from the refund procedure herein set forth.
4. If the cause for the usage deviation cannot be determined from analysis of the customer's meter reading and billing records, the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the customer's service line.
5. Where the deviation is not otherwise explained, the Company will test the customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
6. The Company will notify the customers of the investigation, its findings, and any refunds or back billing in accordance with 807 KAR 5:006, Section 10 (4) and (5).

In addition to the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on going meter reading or billing processes or customer inquiry.

Upon receipt of the required information, the Commission shall review the proposed increase, reduction, or refund and, within 30 days from receipt of the information required, issue its Order setting out the proper revised rates or otherwise acting to investigate or suspend the proposed rates.

DATE OF ISSUE 2-24-12 DATE EFFECTIVE 4-1-2012
MONTH DAY YEAR
SIGNED BY: Wayne Goodrum President
NAME OF OFFICER TITLE ADDRESS

MILLENNIUM ENERGY
Purchased Gas Adjustment Calculation [1]

Line No	Wholesale Supplier	Month	Purchased Gas (@ Delivery Point)				Avg. Rate
			Amount (\$)	Quantity (decatherms)	Heat Rate (dt/mcF)	Quantity (mcF)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Utility Gas Management	Feb-11	58,351.50	12,370.00	1.0184	12,146.50	4.80
2	Utility Gas Management	Mar-11	50,009.28	11,145.00	1.0174	10,954.39	4.57
3	Utility Gas Management	Apr-11	37,798.44	8,371.00	1.0150	8,247.29	4.58
4	Utility Gas Management	May-11	39,153.24	8,204.00	1.0170	8,066.86	4.85
5	Utility Gas Management	Jun-11	35,354.71	7,556.00	1.0189	7,415.84	4.77
6	Utility Gas Management	Jul-11	32,051.96	6,864.00	1.0148	6,763.89	4.74
7	Utility Gas Management	Aug-11	30,464.51	6,312.00	1.0143	6,223.01	4.90
8	Utility Gas Management	Sep-11	33,575.70	7,905.00	1.0110	7,818.99	4.29
9	Utility Gas Management	Oct-11	37,104.18	8,861.00	1.0141	8,737.80	4.25
10	Utility Gas Management	Nov-11	45,320.28	10,301.00	1.0135	10,163.79	4.46
11	Utility Gas Management	Dec-11	55,529.02	12,174.00	1.0112	12,039.16	4.61
12	Utility Gas Management	Jan-12	60,090.37	14,211.00	1.0113	14,052.21	4.28
Total			514,803.19	114,274.00	1.0146	112,629.75	4.57

[1] Losses are based on a 12-month moving average.

MILLENNIUM ENERGY
Purchased Gas Adjustment Calculation [1]

Wholesale Supplier	Monthly Gas Sales			12-Months Gas Totals			Recovery Rate	
	Quantity (mcf) (h)	Losses (%) (i)	Avg. Rate (\$/mcf) (j)	Purchases (mcf) (k)	Sales (mcf) (l)	Losses (%) (m)	Cost (\$) (n)	Rate (\$/mcf) (o)
Utility Gas Management	11,881.80	2.18%	4.91	12,146.50	11,882	2.18%	58,352	4.91
Utility Gas Management	10,747.00	1.89%	4.65	23,100.90	22,629	2.04%	108,361	4.79
Utility Gas Management	8,144.80	1.24%	4.64	31,348.19	30,774	1.83%	146,159	4.75
Utility Gas Management	7,682.40	4.77%	5.10	39,415.05	38,456	2.43%	185,312	4.82
Utility Gas Management	7,254.90	2.17%	4.87	46,830.89	45,711	2.39%	220,667	4.83
Utility Gas Management	6,569.60	2.87%	4.88	53,594.79	52,281	2.45%	252,719	4.83
Utility Gas Management	6,074.60	2.38%	5.02	59,817.80	58,355	2.45%	283,184	4.85
Utility Gas Management	8,062.00	-3.11%	4.16	67,636.79	66,417	1.80%	316,759	4.77
Utility Gas Management	8,065.20	7.70%	4.60	76,374.59	74,482	2.48%	353,864	4.75
Utility Gas Management	9,828.60	3.30%	4.61	86,538.37	84,311	2.57%	399,184	4.73
Utility Gas Management	12,380.60	-2.84%	4.49	98,577.54	96,692	1.91%	454,713	4.70
Utility Gas Management	12,865.20	8.45%	4.67	112,629.75	109,557	2.73%	514,803	4.70
Total	109,556.70	2.73%	4.70	112,629.75	109,556.70	2.73%	514,803	4.70

[1] Losses are based on a 12

Meador, Wendy

From: Ron Ragan <ron@utilitygas.com>
Sent: Wednesday, February 15, 2012 11:15 AM
To: Meador, Wendy
Subject: RE: futures prices

Wendy,

Here are the current estimates for gas prices for months requested:

April 2012 - \$2.79
May 2012 - \$2.89
June 2012 - \$2.99

Sincerely,
Ron Ragan
Utility Gas Management
Cell (913) 515-2994
Office (913) 938-5260
Fax (913) 938-5261
Email - ron@utilitygas.com
web - www.utilitygas.com

Handwritten calculation:
$$\begin{array}{r} 2.79 \\ 2.89 \\ 2.99 \\ \hline 8.67 \end{array} \div 3 = 2.89$$

Average

From: Meador, Wendy [<mailto:wendym@wrecc.com>]
Sent: Wednesday, February 15, 2012 11:01 AM
To: ron@utilitygas.com; Ron Ragan
Subject: futures prices

Ron,

I am working on my new Gas Cost Adjustment reports for the KY Public Service Commission.

I need the estimates for what the futures prices will be for the following quarter: April 2012, May 2012 & June 2012.

Thanks. Have a great day.

Wendy A Meador
Warren RECC & Millennium Energy, Inc
Customer Service Representative
698 Morgantown Rd
Franklin KY 42134
PH: 270-586-3443 ext. 3004
FX: 270-393-2615

Handwritten calculation:
$$\begin{array}{r} \$ 2.89 \text{ Average} \\ + .08 \text{ Management Fee} \\ + .21 \text{ Transportation Fee} \\ \hline \$ 3.18 \end{array}$$

+ 7 Supplier Fees