

*JOHNSON COUNTY GAS CO., INC.
P. O. BOX 339
HAROLD, KY 41635*

RECEIVED
FEB 26 2004
PUBLIC SERVICE
COMMISSION

February 23, 2004

Mr. Thomas Dorman, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

Dear Mr. Dorman:

Case 2004-00059

RE: CASE NO. ~~2003-00459~~

I have enclosed an original and four copies of Johnson County Gas Company's scheduled quarterly Gas Cost Adjustment filing to be effective April 1, 2004. The proposed rates are based on a projected increase in supplier rates for April, May, and June 2004 combined with a net under-recovery of gas cost for the quarter ended December 31, 2003. The proposed rates are a decrease from the rates previously in effect.

If you need further information, please contact this office at (606)789-5481.

Submitted by,



Bud Rife, President
Johnson County Gas Company, Inc.

BR:fh

Johnson County Gas Company

QUARTERLY REPORT OF GAS COST RECOVERY RATE CALCULATION

Date Filed:

March 1, 2004

Date Rates to be Effective:

April 1, 2004

Reporting Period is the Calendar Quarter Ended:

December 31, 2003

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	\$/Mcf
Expected Gas Cost (EGC)	7.4140
+ Refund Adjustment (RA)	0.0000
+ Actual Adjustment (AA)	0.6079
+ <u>Balance Adjustment (BA)</u>	0.0133
= Gas Cost Recovery Rate (GCR)	8.0353

GCR to be effective for service rendered from		April 1, 2004 to July 1, 2004	
Proposed rates:	Base Rates +	GCR	Retail Rates
	\$6.9542	\$8.0353	\$14.9895
	\$5.9542	\$8.0353	\$13.9895

A.

<u>EXPECTED GAS COST CALCULATION</u>			
		<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)		\$	153,611
/ Sales for the 12 months ended	December 31, 2003	Mcf	20,719
= Expected Gas Cost (EGC)		\$/Mcf	7.4140

B.

<u>REFUND ADJUSTMENT CALCULATION</u>		<u>\$/Mcf</u>
Supplier Refund Adjustment for the Reporting Period (Sch. III)		0.0000

C.

<u>ACTUAL ADJUSTMENT CALCULATION</u>		<u>\$/Mcf</u>
Actual Adjustment for the Reporting Period (Sch. IV)		(0.3335)
+ Previous Quarter Reported AA		(0.0624)
+ Second Previous Quarter Reported AA		(0.0672)
+ Third Previous Quarter Reported AA		1.0710
= Actual Adjustment (AA)		0.6079

D.

<u>BALANCE ADJUSTMENT CALCULATION</u>		<u>\$/Mcf</u>
Balance Adjustment for the Reporting Period		0.0002
+ Previous Quarter Reported AA		(0.0068)
+ Second Previous Quarter Reported AA		0.0155
+ Third Previous Quarter Reported AA		0.0044
= Balance Adjustment (BA)		0.0133

SCHEDULE II
 EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended			December 31, 2003		
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Btu Factor</u>	<u>Mcf</u>	<u>Rate*</u>	<u>(4)x(5) Cost</u>
Interstate Natural Gas Company			24,682	\$7.0433	\$173,844
Total			24,682		\$173,844

Line loss for 12 month period is 16.06% based on purchases of 24,682 Mcf and sales of 20,719 Mcf.

Total Expected Cost of Purchases '(6)	\$173,844
/Mcf Purchases (4)	24,682
= Average Expected Cost Per Mcf of Purchases	\$7.0433
x Allowable Mcf Purchases (must not exceed Sales Mcf/.95)	21,809
= Total Expected Gas Cost (to Schedule I.A)	\$153,611

*Rate is the average of the estimates for April, May, and June 2004 prices from Interstate Natural Gas Company, which is attached. \$7.0433 is the average of the 3 months' averages of Columbia Transmission and Kentucky West-transported volumes.

Average cost calculation:

	April	May	June	Average
Columbia Transmission	\$6.80	\$6.77	\$6.72	\$6.76
Kentucky West	\$7.33	\$7.32	\$7.32	\$7.32
Average				\$7.0433

SCHEDULE III

REFUND ADJUSTMENT

For the 3 month period ending December 31, 2003

(Absent any supplier refund, this sheet will not be used.)

SCHEDULE IV

ACTUAL ADJUSTMENT

For the three month period ending December 31, 2003

	<u>Unit</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Total Supply Volumes Purchased	Mcf	1,416	2,437	4,360
Total Cost of Volumes Purchased	\$	8,641	14,820	28,437
Divided by:				
Total Sales (may not be less than <u>95% of supply volumes</u>)	Mcf	1,345	2,315	4,142
= Unit Cost of Gas	\$	6.4236	6.4013	6.8655
Minus:				
EGC in effect for the month	\$/Mcf	7.7491	7.7491	7.7491
= Difference	\$/Mcf	(1.3255)	(1.3478)	(0.8836)
<u>x Actual sales during month</u>	Mcf	1,011	1,623	3,827
= Monthly Cost Difference	\$	(1,340)	(2,187)	(3,381)
Total Cost Difference			<u>Unit</u>	<u>Amount</u>
			\$	(6,909)
<u>/ Sales for 12 months ending _____</u>	<u>December 31, 2003</u>		Mcf	20,719
= Actual Cost Adjustment for the Reporting Period			\$/Mcf	(0.3335)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ending	December 31, 2003		
AA in effect from rate filing effective January 1, 2003		<u>Unit</u> \$/Mcf	<u>Amount</u> (0.0059)
<u>x Sales for 12 months ending</u>	December 31, 2003	Mcf	20,719
= Total Amount Collected/(Returned) through AA		\$	(122)
Amount Authorized to be Collected/(Returned)		\$	(118)
Amount Remaining to be Collected/(Returned)		\$	4
Balance Adjustment for the Reporting Period		\$/Mcf	0.0002

P.S.C. Ky. No. _____

Cancels P.S.C. Ky. No. 2003-00459

Johnson County Gas Company

Of

Harold, Kentucky 41635

Rates, Rules and Regulations For Furnishing Gas

At

Meally, Van Lear, East Point and Hager Hill

**Filed With Public Service Commission
Of Kentucky**

Issued March 1, 2004

Effective April 1, 2004

Issued By: Johnson County Gas Company

By: Bud Rife
President/Manager



Van Lear, Hager Hill,
East Point, and Meally

P.S.C. NO. _____

CANCELLING P.S.C. NO. 2003-00459

Johnson County Gas Company

CLASSIFICATION OF SERVICE

Proposed Rates:

Residential

First Mcf(minimum bill)	\$14.9895
All over 1 Mcf	\$13.9895

Commercial

First Mcf	\$14.9895
All over 1 Mcf	\$13.9895

A surcharge in the amount of \$.4155 will be added to the above rates until the amount owed to Kentucky West Virginia Gas Company has been collected.

DATE OF ISSUE March 1, 2004 DATE EFFECTIVE April 1, 2004

ISSUED BY Bud Rife, President/Manager P. O. Box 339 Harold, KY 41635

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2003-00459 dated January 1, 2004.

Interstate Natural Gas Company
 347 Thompson Road
 P.O. Box 3385
 Pikeville, KY 41502
 (606) 437-6147
 (606) 432-5103 Fax



	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
April 2004	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$5.24	0.26	\$5.50	0.61	\$6.11	1.2	\$7.33

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
May 2004	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$5.23	0.26	\$5.49	0.61	\$6.10	1.2	\$7.32

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
June 2004	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$5.23	0.26	\$5.49	0.61	\$6.10	1.2	\$7.32

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	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
April 2004	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$5.25	0.26	\$5.51	0.1533	\$5.67	1.2	\$6.80

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
May 2004	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$5.23	0.26	\$5.49	0.1533	\$5.64	1.2	\$6.77

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
June 2004	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$5.23	0.22	\$5.45	0.1533	\$5.60	1.2	\$6.72



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Energy

Henry Hub Natural Gas (NG)

Market	Open	High	Low	Last	Change	Time
NGH4 Mar 2004	5.340	5.420	5.305	5.319	+0.041	set 14:29
NGJ4 Apr 2004	5.280	5.360	5.260	5.254	+0.051	set 14:30
NGK4 May 2004	5.240	5.310	5.235	5.230	+0.045	set 14:29

[Download data](#) | [Analyze Chart](#)

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NGM4 Jun 2004	5.230	5.300	5.230	5.230	+0.040	set 14:30
NGN4 Jul 2004	5.270	5.310	5.255	5.250	+0.040	set 14:29
NGQ4 Aug 2004	5.270	5.330	5.270	5.265	+0.035	set 14:29
NGU4 Sep 2004	5.230	5.280	5.225	5.222	+0.033	set 14:24
NGV4 Oct 2004	5.400	5.400	5.270	5.232	+0.043	set 14:24
NGX4 Nov 2004	5.400	5.450	5.400	5.395	+0.035	set 14:30
NGZ4 Dec 2004	5.565	5.610	5.565	5.560	+0.030	set 14:13
NGF5 Jan 2005	5.680	5.730	5.680	5.678	+0.032	set 14:30
NGG5 Feb 2005	5.650	5.680	5.650	5.623	+0.027	set 14:26
NGH5 Mar 2005	5.550	5.550	5.490	5.448	+0.042	set 13:35
NGJ5 Apr 2005	4.990	4.990	4.952	4.923	0.000	set 14:35
NGK5 May 2005	4.880	4.880	4.860	4.808	0.000	set 14:29
NGM5 Jun 2005	5.225	5.225	4.820	4.823	+0.037	set 14:19
NGN5 Jul 2005	4.880	4.900	4.860	4.848	+0.032	set 13:45
NGQ5 Aug 2005	4.855	4.900	4.855	4.853	+0.027	set 14:25
NGU5 Sep 2005	4.855	4.855	4.850	4.823	+0.027	set 14:36
NGV5 Oct 2005	4.875	4.875	4.875	4.843	+0.032	set 12:59
NGX5 Nov 2005	5.057	5.060	5.057	5.008	0.000	set 12:42
NGZ5 Dec 2005	5.220	5.220	5.210	5.163	0.000	set 14:17
NGF6 Jan 2006	5.300	5.320	5.300	5.269	+0.031	set 14:10
NGG6 Feb 2006	5.292	5.292	5.292	5.234	0.000	set 14:25
NGH6 Mar 2006	5.120	5.140	5.120	5.079	+0.061	set 12:39
NGJ6 Apr 2006	4.666	4.666	4.666	4.669	0.000	set 11:40
NGK6 May 2006	4.561	4.561	4.561	4.572	0.000	set 11:24
NGM6 Jun 2006	4.680	4.680	4.680	4.572	0.000	set 10:08
NGN6 Jul 2006						set 11:12