

**Public Gas Company**  
**220 Lexington Green, Bldg 2, Suite 130**  
**P.O. Box 24032**  
**Lexington, KY 40524-4032**  
**Tele (859) 245-8193**

September 29, 2004

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
SEP 29 2004  
PUBLIC SERVICE  
COMMISSION

RE: Public Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective November 1, 2004

Dear Ms. O'Donnell:

2004-00385

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective November 1, 2004. Also included are an original and five copies of 30<sup>th</sup> revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$8.4440 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost  
Recovery Rate Calculation

RECEIVED  
SEP 29 2004  
PUBLIC SERVICE  
COMMISSION

Date Filed: September 29, 2004

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Date Rates to be Effective: November 1, 2004

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Reporting Period is Calendar Quarter Ended: January 31, 2005

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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	8.2248
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.2192
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		8.4440
GCR to be effective for service rendered from November 1, 2004		to Jan 31, 2005
<hr/>		
A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u> <u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$
÷	Sales for the 12 months ended	Mcf
=	Expected Gas Cost (EGC)	\$/Mcf
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u> <u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch.III)	
+	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> <u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf      .0115
+	Previous Quarter Reported Actual Adjustment	\$/Mcf      (.0969)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf      .3166
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf      (.0120)
=	Actual Adjustment (AA)	\$/Mcf      .2192
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
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf
=	Balance Adjustment (BA)	

SCHEDULE II

EXPECTED GAS COST

Actual \* MCF Purchases for 12 months ended April 30, 2004

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purch			MCF		SALES MCF
May 03			3,618	8.2248	3,563
June 03			2,827	8.2248	2,771
July 03			2,663	8.2248	2,617
August 03			2,235	8.2248	2,200
Sept 03			2,845	8.2248	2,819
October 03			6,454	8.2248	6,269
November 03			13,631	8.2248	13,503
December 03			20,708	8.2248	20,293
January 04			28,601	8.2248	28,047
February 04			19,284	8.2248	18,668
March 04			15,317	8.2248	15,156
April 04			9,002	8.2248	8,997
			127,185		124,903

Totals

Line loss for 12 months ended April 2004 is 1.80 % based on purchases of  
127,185 Mcf and sales of 124,903 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	
= Total Expected Gas Cost (to Schedule IA)	\$	

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

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

Per Attached Schedule \$8.2248

Jefferson Gas, LLC

9/29/2004

Expected gas price, November 2004, December 2004, and January 2005

Public Gas has asked for an estimate of their gas price for the months of November and December 2004, and January 2005.

	Gas price* to Public Gas
November	7.60
December	8.19
January	8.44

\*Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in the past. Therefore, gas may be more or less than indicated above, depending on the actual NYMEX price for the periods indicated above. The above estimated gas prices were derived from the NYMEX futures prices issued by the NYMEX web site on September 27, 2004.

7.6000 +  
8.1900 +  
8.4400 +  
24.2300 \*

24.2300 ÷  
3.0000 =  
8.0767 +

8.0767 \*

8.0767 ÷  
0.9820 =  
8.2248 +

8.2248 \*

SCHEDULE III  
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended (reporting period)

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

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended

July 31, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>( May 04)</u>	<u>Month 2</u> <u>(Jun 04)</u>	<u>Month 3</u> <u>(Jul 04)</u>
Total Supply Volumes Purchased	Mcf	3,762	2,199	3,278
Total Cost of Volumes Purchased	\$	26,683.87	16,604.65	24,509.61
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	3,705	2,151	3,202
= Unit Cost of Gas	\$/Mcf	7.2021	7.7195	7.6545
- EGC in effect for month	\$/Mcf	7.3262	7.3262	7.3262
= Difference [(over-)/Under-Recovery]	\$/Mcf	(.1241)	.3933	.3283
x Actual sales during month	Mcf	3,705	2,151	3,202
= Monthly cost difference	\$	(459.79)	845.99	1,051.22
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	1,437.42
÷ Sales for 12 months ended			Mcf	124,903
Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	.0115

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended \_\_\_\_\_ (reporting period)

	<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	\$	
	<b>Less:</b> 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.	\$	
	<b>Equals:</b> 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.		
	<b>Less:</b> 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.	\$	
	<b>Equals:</b> 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	\$	
	<b>Less:</b> 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.	\$	
	<b>Equals:</b> Balance Adjustment for the BA.	\$	_____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	



FOR Entire service area  
Community, Town or City

P.S.C. KY. NO. 1

**30th REVISED** SHEET NO. 1

CANCELLING P.S.C. KY. NO. 1

**29th REVISED** SHEET NO. 1

Public Gas Company  
(Name of Utility)

RATES AND CHARGES

Applies to: All Customers

Rates, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	8.4440	11.7145
All Over	1 Mcf		2.1505	8.4440	10.5945

DATE OF ISSUE SEPTEMBER 29, 2004

DATE EFFECTIVE NOVEMBER 1, 2004  
Month / Date / Year

ISSUED BY BERT R. LAYNE  
Month / Date / Year  
(Signature of Officer)

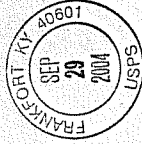
TITLE TREASURER

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

P. O. BOX 24032  
LEXINGTON, KY 40524



7004 0750 0000 1138 6714



MS. BETH O'DONNELL  
EXECUTIVE DIRECTOR  
PUBLIC SERVICE COMMISSION  
P. O. BOX 615  
FRANKFORT, KY 40602

FIRST CLASS



SEP 29 2004

FRANKFORT, KY 40601  
SEP 29 2004  
USPS