

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

RECEIVED

DEC 13 2004

PUBLIC SERVICE
COMMISSION

December 10, 2004

Ms. Beth O'Donnell, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

Case 2004-00500

Dear Ms. O'Donnell:

RE: CASE NO. ~~2004-00345~~

Enclosed please find an original and four copies of Johnson County Gas Company's scheduled quarterly Gas Cost Adjustment filing to be effective January 1, 2005. The proposed rates are based on a projected increase in supplier rates for January, February, and March 2005 combined with a net over-recovery of gas cost for the quarter ended September 30, 2004.

Because I was not able to file this application for increased rates earlier, I am requesting a waiver of the 30-day notice requirement so that rates may be effective on January 1, 2005.

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: December 10, 2004

Date Rates to be Effective: January 1, 2005

Reporting Period is the Calendar Quarter Ended:

September 30, 2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	\$/Mcf
Expected Gas Cost (EGC)	10.5018
+ Refund Adjustment (RA)	0.0000
+ Actual Adjustment (AA)	(0.0571)
+ <u>Balance Adjustment (BA)</u>	0.1636
= Gas Cost Recovery Rate (GCR)	10.6083

GCR to be effective for service rendered from January 1, 2005
to April 1, 2005

Proposed rates:	Base Rates	+	GCR	=	Retail Rates
RES	\$6.9542		\$10.6083		\$17.5625
	\$5.9542		\$10.6083		\$16.5625
COMM	\$6.3042		\$10.6083		\$16.9125

A.

EXPECTED GAS COST CALCULATION

		<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)		\$	199,796
/ Sales for the 12 months ended	September 30, 2004	Mcf	19,025
= Expected Gas Cost (EGC)		\$/Mcf	10.5018

B.

REFUND ADJUSTMENT CALCULATION

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

C.

ACTUAL ADJUSTMENT CALCULATION

	<u>\$/Mcf</u>
Actual Adjustment for the Reporting Period (Sch. IV)	(0.0289)
+ Previous Quarter Reported AA	0.0583
+ Second Previous Quarter Reported AA	0.2470
+ Third Previous Quarter Reported AA	(0.3335)
= Actual Adjustment (AA)	(0.0571)

D.

BALANCE ADJUSTMENT CALCULATION

	<u>\$/Mcf</u>
Balance Adjustment for the Reporting Period	(0.0101)
+ Previous Quarter Reported BA	0.1629
+ Second Previous Quarter Reported BA	0.0106
+ Third Previous Quarter Reported BA	0.0002
= Balance Adjustment (BA)	0.1636

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended			September 30, 2004		
(1)	(2)	(3) Btu Factor	(4)	(5)	(6) (4)x(5) Cost
<u>Supplier</u>	<u>Dth</u>	<u>Factor</u>	<u>Mcf</u>	<u>Rate*</u>	<u>Cost</u>
Interstate Natural Gas Company			24,220	\$9.9767	\$241,635
Total			24,220		\$241,635

Line loss for 12 month period is 21.45% based on purchases of 24,220 Mcf and sales of 19,025 Mcf.

Total Expected Cost of Purchases '(6)	\$241,635
/Mcf Purchases (4)	24,220
= Average Expected Cost Per Mcf of Purchases	\$9.9767
x Allowable Mcf Purchases (must not exceed Sales Mcf/.95)	20,026
= Total Expected Gas Cost (to Schedule I.A)	\$199,796

*Rate is the average of the estimates for January, February, and March prices from Interstate Natural Gas Company, which is attached. \$9.9767 is the average of the 3 months' averages of Columbia Transmission and Kentucky West-transported volumes.

Average cost calculation:

	Jan	Feb	March	Average
Columbia Transmission	\$9.66	\$9.77	\$9.57	\$9.67
Kentucky West	\$10.28	\$10.39	\$10.19	\$10.29
Average				\$9.9767

SCHEDULE III

REFUND ADJUSTMENT

For the 3 month period ending September 30, 2004

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

SCHEDULE IV

ACTUAL ADJUSTMENT

For the three month period ending September 30, 2004

Total Supply Volumes Purchased	<u>Unit</u> Mcf	<u>July</u> 267	<u>Aug</u> 341	<u>Sept</u> 371
Total Cost of Volumes Purchased	\$	2,211	2,762	2,617
Divided by:				
Total Sales (may not be less than <u>95% of supply volumes</u>)	Mcf	254	324	352
= Unit Cost of Gas	\$	8.7167	8.5260	7.4252
Minus:				
EGC in effect for the month	\$/Mcf	9.1404	9.1404	9.1404
= Difference	\$/Mcf	(0.4237)	(0.6144)	(1.7152)
<u>x Actual sales during month</u>	Mcf	183	215	198
= Monthly Cost Difference	\$	(78)	(132)	(340)
Total Cost Difference			<u>Unit</u> \$	<u>Amount</u> (549)
<u>/ Sales for 12 months ending</u> _____ <u>September 30, 2004</u>			Mcf	19,025
= Actual Cost Adjustment for the Reporting Period			\$/Mcf	(0.0289)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ending September 30, 2004

	<u>Unit</u>	<u>Amount</u>
AA in effect from rate filing effective October 1, 2003	\$/Mcf	(0.0672)
x <u>Sales for 12 months ending</u> September 30, 2004	Mcf	19,025
= Total Amount Collected/(Returned) through AA	\$	(1,278)
Amount Authorized to be Collected/(Returned)	\$	(1,471)
Amount Remaining to be Collected/(Returned)	\$	(193)
Balance Adjustment for the Reporting Period	\$/Mcf	(0.0101)

P.S.C. Ky. No. _

Cancels P.S.C. Ky. No. 2004-00345

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 December 10, 2004

Effective January 1, 2005

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. 2004-00345

Johnson County Gas Company

CLASSIFICATION OF SERVICE

Proposed Rates:

Residential

First Mcf(minimum bill)	\$17.5625
All over 1 Mcf	\$16.5625

Commercial

First Mcf	\$16.9125
All over 1 Mcf	\$16.9125

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 December 10, 2004 DATE EFFECTIVE January 1, 2005

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. dated December 10, 2004.**

Interstate Natural Gas Company
 134 Mims Branch
 Pikeville, KY 41501
 (606) 432-0526
 (606) 432-3032 Fax

Columbia Price Estimates:

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
January 2005	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$7.64	0.26	\$7.90	0.1533	\$8.05	1.2	\$9.66

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
February 2005	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$7.73	0.26	\$7.99	0.1533	\$8.14	1.2	\$9.77

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
March 2005	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$7.56	0.26	\$7.82	0.1533	\$7.98	1.2	\$9.57

Interstate Natural Gas Company

134 Mims Branch

Pikeville, KY 41501

(606) 432-0526

(606) 432-3032 Fax

KY West Price Estimates:

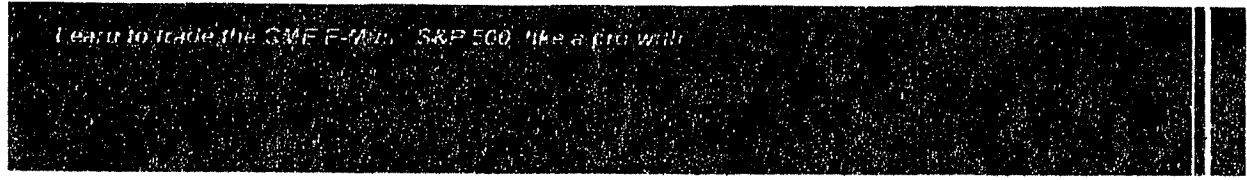
	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
January 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$7.64	0.28	\$7.92	0.65	\$8.57	1.2	\$10.28

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
February 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$7.73	0.28	\$8.01	0.65	\$8.66	1.2	\$10.39

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
March 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$7.56	0.28	\$7.84	0.65	\$8.49	1.2	\$10.19



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Basis 0.214

Energy
Henry Hub Natural Gas (NG)

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Market		Open	High	Low	Last	Change	Time
<u>NGZ4</u>	Dec 2004	6.680	8.200	6.660	7.976	0.000	set 16:02
<u>NGF5</u>	Jan 2005	7.700	7.750	7.410	7.640	-0.197	14:46
<u>NGG6</u>	Feb 2005	7.790	7.840	7.520	7.730	-0.212	14:46

Quotes

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<u>NGH5</u>	Mar 2005	7.600	7.640	7.360	7.560	-0.167	14:46
<u>NGJ5</u>	Apr 2005	6.780	6.850	6.670	6.850	-0.037	14:30
<u>NGK5</u>	May 2005	6.650	6.670	6.560	6.650	-0.087	14:28
<u>NGM5</u>	Jun 2005	6.680	6.730	6.590	6.690	-0.079	14:29
<u>NGN5</u>	Jul 2005	6.720	6.740	6.660	6.720	-0.081	14:29
<u>NGO5</u>	Aug 2005	6.750	6.760	6.640	6.740	-0.079	14:30
<u>NGU5</u>	Sep 2005	6.750	6.750	6.710	6.710	-0.084	14:18
<u>NGV5</u>	Oct 2005	6.750	6.770	6.680	6.710	-0.107	14:26
<u>NGX5</u>	Nov 2005	7.050	7.050	6.940	7.000	-0.097	14:29
<u>NGZ5</u>	Dec 2005	7.320	7.320	7.210	7.280	-0.097	14:30
<u>NGF6</u>	Jan 2006	7.390	7.520	7.450	7.450	-0.127	13:13
<u>NGG6</u>	Feb 2006	7.520	7.520	7.450	7.495	-0.072	14:05
<u>NGH6</u>	Mar 2006	7.250	7.250	7.240	7.250	-0.097	14:03
<u>NGJ6</u>	Apr 2006	6.350	6.360	6.350	6.350	-0.012	13:40
<u>NGK6</u>	May 2006	6.150	6.150	6.150	6.150	-0.057	14:07
<u>NGM6</u>	Jun 2006	6.200	6.200	6.200	6.200	-0.027	11:33
<u>NGN6</u>	Jul 2006	6.400	6.400	6.400	6.262	0.000	14:31
<u>NGO6</u>	Aug 2006	6.370	6.370	6.370	6.277	0.000	10:57
<u>NGU6</u>	Sep 2006	6.230	6.230	6.230	6.230	-0.022	10:58
<u>NGV6</u>	Oct 2006	6.400	6.400	6.400	6.272	0.000	13:29
<u>NGX6</u>	Nov 2006	6.500	6.500	6.500	6.500	-0.067	13:34
<u>NGZ6</u>	Dec 2006	6.760	6.760	6.760	6.760	-0.077	13:11
<u>NGF7</u>	Jan 2007	6.940	6.940	6.920	7.037	0.000	set 10:11
<u>NGG7</u>	Feb 2007	7.470	7.470	7.470	7.032	0.000	10:31
<u>NGH7</u>	Mar 2007	7.060	7.070	7.030	6.827	0.000	10:31

Copy of Billing Card

JOHNSON COUNTY GAS CO
P O BOX 339
HAROLD KY 41635 606-789-5481



FIRST CLASS MAIL
U.S. POSTAGE PAID
Mailed from ZipCode
PERMIT NO. 5

Bill Date	Due Date	Account #
11-30-04	12-20-04	10537
Svc Addr: 125 MASON LANE RT1100		
Previous:	10-29-04	401
Current:	11-30-04	407
Consumption:		6

NATURAL GAS

Please detach and return with Payment

Bill Date	Account #	Amount Due
11-30-04	10537	127.88

RES-GAS 86.83

SURCHARGE 2.52
SCHLTAX 2.68

PREVIOUS BALANCE 35.85

Total Amount Due 127.88

Michael McCoy
P. O. Box 1742
East Point, KY 41216-

NSN

HOURS 9:00 TO 5:00
LUNCH 11:30 TO 1:00

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

U.S. POSTAGE
PAID
HAROLD, KY
41635
DEC 10, 04
AMOUNT
\$3.85
00085116-04



40602

0000

RECEIVED
DEC 13 2004
PUBLIC SERVICE
COMMISSION

Ms Beth O'Donnell
Executive Director
PSC
P.O. Box 615
Frankfort, Ky. 40602-
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