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PUBLIC SERVICE
COMMISSION

December 21, 2004

Ms. Beth O'Donnell
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case # Gas Cost Adjustment Report

2004-00519

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, February 1, 2005- April 30, 2005.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", is written over a faint, larger version of the signature.

Gary K. Dillard
Executive Vice President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: January 1, 2005

Date Rates to be Effective: February 1, 2005 TO April 30, 2005

Reporting Period is Calendar Quarter Ended:

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 5.5888
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.3309)
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.1134)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 5.1445

GCR to be effective for service rendered from 2/1/05 to 4/30/05.

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	\$ 61,808.61
+ Sales for the 12 months ended 10/31/2004	Mcf	<u>10,634</u>
- Expected Gas Cost (EGC)	\$/Mcf	5.58880

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>	Expires
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.0794)	
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1055)	
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.2978)	
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.1518</u>	
=Actual Adjustment (AA)	\$/Mcf	\$ (0.3309)	

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>	Expires
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0030)	
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0484)	
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0537)	
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0083)</u>	
=Balance Adjustment (BA)	\$/Mcf	\$ (0.1134)	

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended			10/31/04		
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	Heat <u>Rate</u>	<u>Mcf</u>	<u>Rate</u>	(4) x (5) <u>Cost</u>
Nov-03 Atmos Energy Marketing	1,374.15	1.034	1,328.97	6.514	8,656.91
Dec-03 Atmos Energy Marketing	920.92	1.034	890.64	6.514	5,801.63
Jan-04 Atmos Energy Marketing	2,166.76	1.034	2,095.51	6.514	13,650.15
Feb-04 Atmos Energy Marketing	808.78	1.034	782.19	6.514	5,095.19
Mar-04 Atmos Energy Marketing	1,889.45	1.034	1,827.32	6.514	11,903.16
Apr-04 Atmos Energy Marketing	485.82	1.034	469.85	6.514	3,060.60
May-04 Atmos Energy Marketing	467.30	1.034	451.93	6.514	2,943.87
Jun-04 Atmos Energy Marketing	306.27	1.034	296.20	6.514	1,929.45
Jul-04 Atmos Energy Marketing	173.71	1.034	168.00	6.514	1,094.35
Aug-04 Atmos Energy Marketing	414.65	1.034	401.02	6.514	2,612.24
Sep-04 Atmos Energy Marketing	475.13	1.034	459.51	6.514	2,993.25
Oct-04 Atmos Energy Marketing	328.23	1.034	317.44	6.514	2,067.80
Totals	9,811.17	1.034	9,488.58	6.348	61,808.61

Line losses are -12.07% for 12 months ended 10/31/2004 based on purchases of
9,488.6 Mcf and sales of 10,634 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 61,808.61
Expected Mcf Purchases (4)	Mcf	<u>9,488.58</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.514
Plus: Expected Losses of <u>12.30% (not to exceed 5%)</u>	<u>(D26/0.95)</u> Mcf	<u>11,193.68</u>
= Total Expected Gas Cost	\$	\$ 61,808.61
Allowable Sales (maximum losses of 5%).		\$61,808.61

*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 10/31/2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended <u>10/31/2004</u>	Mcf	<u>10,634</u>
<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 10/31/2004

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Aug-04</u>	Month 2 <u>Sep-04</u>	Month 3 <u>Oct-04</u>
Total Supply Volumes Purchased	Mcf	401.02	459.51	317.44
Total Cost of Volumes Purchased	\$	\$ 3,318.68	\$ 2,483.51	\$ 3,563.29
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 481.60</u>	<u>\$ 477.49</u>	<u>\$ 568.92</u>
= Unit Cost of Gas	\$/Mcf	\$ 6.8909	\$ 5.2012	\$ 6.2633
- EGC in effect for month	\$/Mcf	<u>\$ 6.6817</u>	<u>\$ 6.6817</u>	<u>\$ 6.6817</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 0.2092	\$ (1.4805)	\$ (0.4184)
x Actual sales during month	Mcf	<u>481.60</u>	<u>477.49</u>	<u>568.92</u>
= Monthly cost difference	\$	100.77	(706.93)	(238.06)
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$ (844.22)		
+ Sales for 12 months ended <u>10/31/2004</u>	Mcf	<u>10,634</u>		
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.0794)		

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended 10/31/2004

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.	\$	<u>283.88</u> Case No. 2002-00371
2	Less: Dollars amount resulting from the AA of <u>0.0297</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 10,634		
3	MCF during the 12 month period the AA was in effect.	\$	<u>315.82</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>(31.94)</u>
5	(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.	\$	<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 10,634 MCF		
7	during the 12 month period the RA was in effect.	\$	<u>-</u>
8	Equals: Balance Adjustment for the RA.	\$	<u>-</u>
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 <u>-</u> \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 10,634 MCF during the 12 month		
11	period the BA was in effect.	\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>-31.94</u>
14	Divided By: Sales for 12 months ended 10/31/2004	\$	<u>10,634</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.0030)</u>