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March 23, 2005

Case 2005-00126

RECEIVED  
MAR 25 2005  
PUBLIC SERVICE  
COMMISSION

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

RE: Case # Gas Cost Adjustment Report

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, May 1, 2005- July 31, 2005.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard". The signature is fluid and cursive.

Gary K. Dillard  
Executive Vice President

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MAR 25 2005  
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COMMISSION

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QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed: April 1, 2005

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Date Rates to be Effective: May 1, 2005 TO July 31, 2005

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Reporting Period is Calendar Quarter Ended:

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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	\$ 5.5259
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.9191)
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.1178)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 4.4889

GCR to be effective for service rendered from 5/1/05 to 7/31/05.

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	\$ 56,215.53
+ Sales for the 12 months ended 1/31/2005	Mcf	<u>10,173</u>
- Expected Gas Cost (EGC)	\$/Mcf	5.5259
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	\$ (0.4364)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0794)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1055)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (0.2978)</u>
=Actual Adjustment (AA)	\$/Mcf	\$ (0.9191)
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0127)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0030)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0484)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0537)</u>
=Balance Adjustment (BA)	\$/Mcf	\$ (0.1178)

SCHEDULE II  
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended			01/31/05		
(1)	(2)	(3)	(4)	(5)	(6)
Supplier	Dth	Heat Rate	Mcf	Rate	(4) x (5) Cost
Feb-04 Atmos Energy Marketing	808.78	1.034	782.19	6.590	5,154.63
Mar-04 Atmos Energy Marketing	1,889.45	1.034	1,827.32	6.590	12,042.04
Apr-04 Atmos Energy Marketing	485.82	1.034	469.85	6.590	3,096.31
May-04 Atmos Energy Marketing	467.30	1.034	451.93	6.590	2,978.22
Jun-04 Atmos Energy Marketing	306.27	1.034	296.20	6.590	1,951.96
Jul-04 Atmos Energy Marketing	173.71	1.034	168.00	6.590	1,107.12
Aug-04 Atmos Energy Marketing	414.65	1.034	401.02	6.590	2,642.72
Sep-04 Atmos Energy Marketing	475.13	1.034	459.51	6.590	3,028.17
Oct-04 Atmos Energy Marketing	332.90	1.034	321.95	6.590	2,121.65
Nov-04 Atmos Energy Marketing	805.71	1.034	779.20	6.590	5,134.93
Dec-04 Atmos Energy Marketing	1,271.00	1.034	1,229.20	6.590	8,100.43
Jan-05 Atmos Energy Marketing	1,389.76	1.034	1,344.06	6.590	8,857.36
Totals	8,820.48	1.034	8,530.43	6.590	56,215.53

Line losses are -19.26% for 12 months ended 1/31/2005 based on purchases of 8,530.4 Mcf and sales of 10,173 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 56,215.53
Expected Mcf Purchases (4)	Mcf	<u>8,530.43</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.590
Plus: Expected Losses of (not to exceed 5%)	(D26/0.95) Mcf	<u>8,530.40</u>
= Total Expected Gas Cost	\$	\$ 56,215.53

Allowable Sales (maximum losses of 5%). \$56,215.53

\*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 1/31/2005

<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>1/31/2005</u>	Mcf	<u>10,173</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 1/31/2005

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>Nov-04</u>	<u>Dec-04</u>	<u>Jan-05</u>
Total Supply Volumes Purchased	Mcf	779.20	1,229.20	1,344.06
Total Cost of Volumes Purchased	\$	\$ 3,892.90	\$ 5,589.46	\$ 9,351.77
Total Sales	Mcf	\$ 806.80	\$ 1,452.80	\$ 1,357.90
(may not be less than 95% of supply volumes) (G8*0.95)				
= Unit Cost of Gas	\$/Mcf	\$ 4.8251	\$ 3.8474	\$ 6.8869
- EGC in effect for month	\$/Mcf	\$ 6.4337	\$ 6.4337	\$ 6.4337
= Difference [ (Over-)/Under-Recovery]	\$/Mcf	\$ (1.6086)	\$ (2.5863)	\$ 0.4532
x Actual sales during month	Mcf	<u>806.80</u>	<u>1452.80</u>	<u>1357.90</u>
= Monthly cost difference	\$	(1,297.81)	(3,757.42)	615.45

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ (4,439.78)
+ Sales for 12 months ended <u>1/31/2005</u>	Mcf	<u>10,173</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.4364)

SCHEDULE V  
BALANCE ADJUSTMENT

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For the 3 month period ended 1/31/2005

Line	Particulars	Unit	Amount
(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>1,679.48</u> Case No. 2003-00505
2 Less:	Dollars amount resulting from the AA of <u>0.1778</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 10,173 MCF during the 12 month period the AA was in effect.		
3		\$	<u>1,808.79</u>
4 Equals:	Balance Adjustment for the AA.	\$	<u>(129.31)</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 10,173 MCF during the 12 month period the RA was in effect.		
7		\$	<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 10,173 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>-129.31</u>
14 Divided By:	Sales for 12 months ended 1/31/2005	\$	<u>10,173</u>
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.0127)</u>

