

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
JUN - 1 2005  
PUBLIC SERVICE  
COMMISSION

May 31, 2005

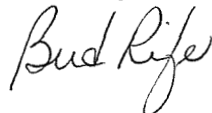
RE: Case No. 2005-00 211

Dear Ms. O'Donnell:

I have enclosed an original and four copies of Johnson County Gas Company's scheduled quarterly Gas Cost Adjustment filing to be effective July 1, 2005. The proposed rates are based on a projected decrease in supplier rates for July, August, and September 2005 combined with a net over-recovery of gas cost for the quarter ended March 31, 2005.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Bud Rife

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**Johnson County Gas Company**

**QUARTERLY REPORT OF GAS COST RECOVERY  
RATE CALCULATION**

**Date Filed:** June 1, 2005

**Date Rates to be Effective:** July 1, 2005

**Reporting Period is the Calendar Quarter Ended:**

March 31, 2005

## SCHEDULE I

### GAS COST RECOVERY RATE SUMMARY

Component	\$/Mcf
Expected Gas Cost (EGC)	9.2684
+ Refund Adjustment (RA)	0.0000
+ Actual Adjustment (AA)	(0.0550)
+ <u>Balance Adjustment (BA)</u>	0.0891
= Gas Cost Recovery Rate (GCR)	9.3025

GCR to be effective for service rendered from July 1, 2005 to October 1, 2005

Proposed rates:	Base Rates	+	GCR	=	Retail Rates
<b>RES</b>	\$6.9542		\$9.3025		\$16.2567
	\$5.9542		\$9.3025		\$15.2567
<b>COMM</b>	\$6.3042		\$9.3025		\$15.6067

A.

#### EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)	\$	164,765
/ Sales for the 12 months ended	Mcf	17,777
= Expected Gas Cost (EGC)	\$/Mcf	9.2684

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)	(0.6912)
+ Previous Quarter Reported AA	0.6068
+ Second Previous Quarter Reported AA	(0.0289)
+ Third Previous Quarter Reported AA	0.0583
= Actual Adjustment (AA)	(0.0550)

D.

#### BALANCE ADJUSTMENT CALCULATION

	<u>\$/Mcf</u>
Balance Adjustment for the Reporting Period	(0.0551)
+ Previous Quarter Reported AA	(0.0086)
+ Second Previous Quarter Reported AA	(0.0101)
+ Third Previous Quarter Reported AA	0.1629
= Balance Adjustment (BA)	0.0891

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended			March 31, 2005		
(1)	(2)	(3) Btu	(4)	(5)	(6) (4)x(5)
<u>Supplier</u>	<u>Dth</u>	<u>Factor</u>	<u>Mcf</u>	<u>Rate*</u>	<u>Cost</u>
Interstate Natural Gas Company			19,824	\$8.8050	\$174,550
<b>Total</b>			<b>19,824</b>		<b>\$174,550</b>

Line loss for 12 month period is 10.33% based on purchases of 19,824 Mcf and sales of 17,777 Mcf.

Total Expected Cost of Purchases '(6)	\$174,550
/Mcf Purchases (4)	19,824
= Average Expected Cost Per Mcf of Purchases	\$8.8050
x Allowable Mcf Purchases (must not exceed Sales Mcf/.95)	18,713
= Total Expected Gas Cost (to Schedule I.A)	\$164,765

\*Rate is the average of the estimates for July, August, and September prices from Interstate Natural Gas Company, which is attached. \$8.8050 is the average of the 3 months' averages of Columbia Transmission and Kentucky West-transported volumes.

Average cost calculation:

	July	August	Sept	Average
Columbia Transmission	\$8.36	\$8.44	\$8.49	\$8.43
Kentucky West	\$9.11	\$9.19	\$9.24	\$9.18
<b>Average</b>				<b>\$8.8050</b>

SCHEDULE III

REFUND ADJUSTMENT

For the 3 month period ending March 31, 2005

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

SCHEDULE IV

ACTUAL ADJUSTMENT

For the three month period ending March 31, 2005

Total Supply Volumes Purchased	<u>Unit</u> Mcf	<u>Jan</u> 3,759	<u>Feb</u> 3,119	<u>March</u> 3,031
Total Cost of Volumes Purchased	\$	32,065	27,104	26,137
Divided by:				
Total Sales (may not be less than <u>95% of supply volumes</u> )	Mcf	3,571	2,963	2,879
= Unit Cost of Gas	\$	8.9792	9.1473	9.0771
Minus:				
EGC in effect for the month	\$/Mcf	10.5018	10.5018	10.5018
= Difference	\$/Mcf	(1.5226)	(1.3545)	(1.4247)
<u>x Actual sales during month</u>	Mcf	2,957	2,771	2,830
= Monthly Cost Difference	\$	(4,502)	(3,753)	(4,032)
Total Cost Difference			<u>Unit</u> \$	<u>Amount</u> (12,288)
<u>/ Sales for 12 months ending _____ March 31, 2005</u>			Mcf	17,777
= Actual Cost Adjustment for the Reporting Period			\$/Mcf	(0.6912)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ending	March 31, 2005		
AA in effect from rate filing effective April 1, 2004		<u>Unit</u> \$/Mcf	<u>Amount</u> (0.3335)
<u>x Sales for 12 months ending</u>	March 31, 2005	Mcf	17,777
= Total Amount Collected/(Returned) through AA		\$	(5,929)
Amount Authorized to be Collected/(Returned)		\$	(6,909)
Amount Remaining to be Collected/(Returned)		\$	(980)
Balance Adjustment for the Reporting Period		\$/Mcf	(0.0551)

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P.S.C.Ky. No. 1

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**Johnson County Gas Company**

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OF  
**Johnson County, Kentucky**

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**Rates, Rules and Regulations For Furnishing Gas**

AT

**Van Lear, Hager Hill, East Point, and Meally**

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**Filed With Public Service Commission Of  
Kentucky**

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**Issued June 1, 2005 Effective July 1, 2005**

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**Issued By Johnson County Gas  
Company  
By Bud Rife  
President / Manager**

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