

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

December 30, 2005

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

RECEIVED

JAN 03 2006

PUBLIC SERVICE  
COMMISSION

RE: Public Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective February 1, 2006

Case No. 2006-00003

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective February 1, 2006. Also included are an original and five copies of 35th 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 \$12.5057 per MCF of sales.

Sincerely,



Bert R. Layne

**Public Gas Company**

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed: December 30, 2005

---

Date Rates to be Effective: February 1, 2006

---

Reporting Period is Calendar Quarter Ended: April 30, 2006

---

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	12.4931
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.0126
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		12.5057

GCR to be effective for service rendered from February 1, 2006 to April 30, 2006

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	.0977
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0469)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0949)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
			.0567
=	Actual Adjustment (AA)	\$/Mcf	.0126

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 July 31, 2005

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
GAS PURCH			MCF		SALES MCF
August - 04			2,429	12.4931	2,371
September - 04			2,517	12.4931	2,480
October - 04			4,608	12.4931	4,494
November - 04			10,151	12.4931	9,893
December - 04			22,205	12.4931	21,704
January - 05			20,182	12.4931	19,763
February - 05			20,377	12.4931	19,751
March - 05			21,172	12.4931	20,576
April - 05			6,713	12.4931	6,611
May - 05			5,475	12.4931	5,295
June - 05			2,524	12.4931	2,453
July - 05			1,783	12.4931	1,761
			120,136		117,152

Line loss for 12 months ended July 31, 2005 is 2.48% based on purchases of 120,136 Mcf and sales of 117,152 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.

**\$12.4931 Per Attached Schedule**

Jefferson Gas, LLC

12/29/05

Expected gas price, February 2006, March 2006, and April 2006

Public Gas has asked for an estimate of their gas price for the months of February, March, and April 2006:

	Gas price* to Public Gas
February	12.67
March	12.68
April	11.20

\*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 December 27, 2005.

12.6700	+
12.6800	+
11.2000	+
36.5500	*
36.5500	÷
3.0000	=
12.1833	+
12.1833	*
12.1833	÷
0.9752	=
12.4931	+
12.4931	*

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	\$	
<hr/>		<hr/>
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
<hr/>		<hr/>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended October 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>( Aug 05)</u>	<u>Month 2</u> <u>(Sep 05)</u>	<u>Month 3</u> <u>(Oct 05)</u>
Total Supply Volumes Purchased	Mcf	1,767	1,898	4,503
Total Cost of Volumes Purchased	\$	15,319.89	19,131.84	48,767.49
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	1,717	1,870	4,409
= Unit Cost of Gas	\$/Mcf	8.9225	10.2309	11.0609
- EGC in effect for month	\$/Mcf	8.9764	8.9764	8.9764
= Difference [(over-)/Under-Recovery]	\$/Mcf	(.0539)	1.2545	2.0845
x Actual sales during month	Mcf	1,717	1,870	4,409
= Monthly cost difference	\$	(92.55)	2,345.92	9,190.56
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	11,443.93
÷ Sales for 12 months ended <u>July 31, 2005</u>			Mcf	117,152
Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	.0977

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

35th Revised SHEET NO. 1

Public Gas Company  
(Name of Utility)

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

34th Revised SHEET NO. 1

---

RATES AND CHARGES

---

Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	12.5057	15.7762
All Over	1 Mcf		2.1505	12.5057	14.6562

---

DATE OF ISSUE December 30, 2005  
Month / Date / Year

DATE EFFECTIVE February 1, 2006  
Month / Date / Year

ISSUED BY Bert R. Layne  
(Signature of Officer)

TITLE Treasurer

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