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PUBLIC SERVICE
COMMISSION

September 25, 2006

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

Case No. 2006-00477

RE: Case #*2006-00477* Gas Cost Adjustment Report

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, November 1, 2006 through January 31, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard", is written over a horizontal line.

Gary K. Dillard
Executive Vice President

Case No. 2006-00477

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: October 1, 2006

Date Rates to be Effective: November 1, 2006 To January 31, 2006

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	\$ 11.6208
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	2.1836
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0859)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 13.7185

GCR to be effective for service rendered from 11/1/06 to 01/31/06.

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	101,899.58
	+ Sales for the 12 months ended 7/31/2006	Mcf	<u>8,768.74</u>
	- Expected Gas Cost (EGC)	\$/Mcf	11.6208
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	\$ (1.0290)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1562
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 2.3813
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.6751</u>
	= Actual Adjustment (AA)	\$/Mcf	\$ 2.1836
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.0046
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0786)
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0067)
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0052)</u>
	= Balance Adjustment (BA)	\$/Mcf	\$ (0.0859)

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended			07/31/06		
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Heat Rate</u>	<u>Mcf</u>	<u>Rate</u>	<u>(4) x (5) Cost</u>
Aug-05 Atmos Energy Marketing	365.40	1.034	353.38	10.580	3,738.76
Sep-05 Atmos Energy Marketing	863.54	1.034	835.15	10.580	8,835.89
Oct-05 Atmos Energy Marketing	821.40	1.034	794.39	10.580	8,404.65
Nov-05 Atmos Energy Marketing	1,368.93	1.034	1,323.92	10.580	14,007.07
Dec-05 Atmos Energy Marketing	1,178.22	1.034	1,139.48	10.580	12,055.70
Jan-06 Atmos Energy Marketing	1,240.35	1.034	1,199.56	10.580	12,691.34
Feb-06 Atmos Energy Marketing	1,452.39	1.034	1,404.63	10.580	14,860.99
Mar-06 Atmos Energy Marketing	391.18	1.034	378.32	10.580	4,002.63
Apr-06 Atmos Energy Marketing	495.50	1.034	479.21	10.580	5,070.04
May-06 Atmos Energy Marketing	567.80	1.034	549.13	10.580	5,809.80
Jun-06 Atmos Energy Marketing	703.30	1.034	680.17	10.580	7,196.20
Jul-06 Atmos Energy Marketing	510.80	1.034	494.00	10.580	5,226.52
Totals	9,958.81	1.034	9,631.34	6.860	101,899.58

Line losses are 8.96% for 12 months ended 7/31/2006 based on purchases of
 9,631.34 Mcf and sales of 8,769 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 101,899.58
Expected Mcf Purchases (4)	Mcf	<u>9,631.34</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 10.580
Plus: <u>Expected Losses of</u> (not to exceed 5%)	<u>(D26/0.95) Mcf</u>	<u>9,631.34</u>
= Total Expected Gas Cost	\$	\$ 101,899.58

Allowable Sales (maximum losses of 5%). \$101,899.58

*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 7/31/2006

<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>7/31/2006</u>	Mcf	<u>8,769</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 7/31/2006

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>May-06</u>	<u>Jun-06</u>	<u>Jul-06</u>
Total Supply Volumes Purchased	Mcf	549.13	680.17	494.00
Total Cost of Volumes Purchased	\$	\$ 2,985.20	\$ 3,883.93	\$ 3,927.50
Total Sales	Mcf	<u>\$ 625.80</u>	<u>\$ 646.16</u>	<u>\$ 493.90</u>
(may not be less than 95% of supply volumes) (G8*0.95)				
<u>= Unit Cost of Gas</u>	\$/Mcf	\$ 4.7702	\$ 6.0108	\$ 7.9520
<u>- EGC in effect for month</u>	\$/Mcf	<u>\$ 11.4284</u>	<u>\$ 11.4284</u>	<u>\$ 11.4284</u>
<u>= Difference</u> [(Over-)/Under-Recovery]	\$/Mcf	\$ (6.6582)	\$ (5.4176)	\$ (3.4764)
<u>x Actual sales during month</u>	Mcf	<u>625.80</u>	<u>579.40</u>	<u>493.90</u>
<u>= Monthly cost difference</u>	\$	(4,166.69)	(3,138.97)	(1,716.99)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$ (9,022.65)
+ Sales for 12 months ended <u>7/31/2006</u>	Mcf	<u>8,769</u>
<u>= Actual Adjustment for the Reporting Period</u> (to Schedule IC.)	\$/Mcf	\$ (1.0290)

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended 7/31/2006

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>340.76</u> Case No. 2005-00288
2	Less: Dollars amount resulting from the AA of <u>0.0343</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 <u>8,769</u> MCF during the 12 month period the AA was in effect.		
3		\$	<u>300.77</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>39.99</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 <u>8,769</u> MCF during the 12 month period the RA was in effect.		
7		\$	<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 <u>8,769</u> 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>39.99</u>
14	Divided By: Sales for 12 months ended 7/31/2006	\$	<u>8,769</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>0.0046</u>



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