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October 31, 2006

Gary K. Dillard  
Executive Vice President  
Millennium Energy, Inc.  
P. O. Box 1118  
Bowling Green, KY 42102

CERTIFICATE OF SERVICE

RE: Case No. 2006-00427  
Millennium Energy, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on October 31, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST            )  
ADJUSTMENT FILING OF        )  
MILLENNIUM ENERGY, INC.    )                    CASE NO. 2006-00427

ORDER

On December 2, 1999, in Case No. 1999-00312, the Commission approved rates for Millennium Energy, Inc. ("Millennium") and provided for their further adjustment in accordance with Millennium's gas cost adjustment ("GCA") clause.<sup>1</sup>

On September 28, 2006, Millennium filed its proposed GCA to be effective November 1, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Millennium's notice includes revised rates designed to pass on to its customers its expected change in gas costs.

2. Millennium's notice sets out an expected gas cost ("EGC") of \$11.6208 per Mcf. Millennium did not adjust for its line loss, which is greater than the 5 percent maximum loss allowed by the Commission. Correcting for the line loss produces an EGC of \$11.1377 per Mcf, which is an increase of \$3.9160 per Mcf from its previous EGC of \$7.2217.

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<sup>1</sup> Case No. 1999-00312, Petition of Millennium Energy, Inc. for Approval of an Initial Rate Schedule for Serving Customers from an Existing Gas Supply Line.

3. Millennium's notice sets out no refund adjustment.

4. Millennium's notice sets a current quarter actual adjustment ("AA") of (\$1.0290) per Mcf. Millennium's total AA is \$2.1836 per Mcf, which is 81.23 cents per Mcf less than the previous total AA.

5. Millennium's notice sets out a current quarter balance adjustment ("BA") of .46 cent per Mcf. Millennium's total BA is (8.59) cents per Mcf, which is 1.96 cent per Mcf more than the previous total BA.

6. Millennium's GCA is \$13.2354 per Mcf, which is \$3.1233 per Mcf more than the previous rate of \$10.1121.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Millennium on and after November 1, 2006.

IT IS THEREFORE ORDERED that:

1. Millennium's proposed rates are denied.

2. The rates in the Appendix to this Order are approved for service rendered on and after November 1, 2006.

3. Within 20 days of the date of this Order, Millennium shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 31st day of October, 2006.

By the Commission

ATTEST:

Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00427 DATED October 31, 2006.

The following rates and charges are prescribed for the customers served by Millennium Energy, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

#### Residential

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge	\$6.00		\$6.00
All Mcf	\$4.00	\$13.2354	\$17.2354

#### Commercial and Industrial

Customer Charge	\$20.00		\$20.00
All Mcf	\$ 3.00	\$13.2354	\$16.2354