

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

The Notice of Gas Cost)
Recovery Filing of Gasco) Case No. 2007-00421
Distribution Systems, Inc.)

RECEIVED

FEB 25 2008

PUBLIC SERVICE
COMMISSION

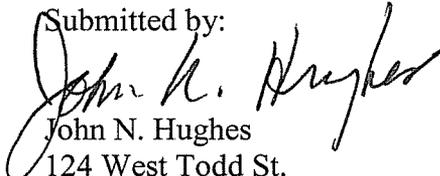
MOTION TO DISMISS

Gasco Distribution Systems, Inc., by counsel, moves for an order dismissing the investigation of the Gas Cost Adjustment filing made on September 26, 2007. The investigation was predicated on the inclusion of several years of unrecovered gas costs in the GCR filing to be effective November 1, 2007. Due to circumstances explained in responses to data requests from the Staff and the Attorney General, Gasco did not file adjustments to its purchased gas costs for five years.

After a conference with the Staff and the Attorney General and additional discussions with the Attorney General, a settlement could not be reached. To avoid extensive proceedings to attempt to resolve certain legal issues raised by the Attorney General, Gasco has revised its GCR filing. The attached GCR includes only two years of unrecovered gas costs. This amount is billed over three years to mitigate the economic impact on the customers. While Gasco agrees to accept a two year limit on recovery of the gas costs for purposes of resolving this matter, it does not accept the Attorney General's interpretation of KRS 278.225 relating to gas cost recovery.

Because Gasco has revised the GCR to accommodate the issues raised during the course of this investigation, it requests that the GCR be accepted and that this matter be dismissed.

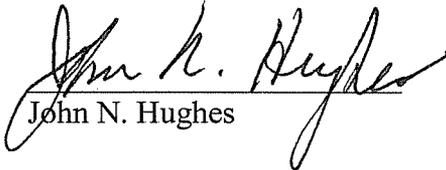
Submitted by:


John N. Hughes
124 West Todd St.
Frankfort, KY 40601

Attorney for Gasco Distribution
Systems, Inc.

Certificate:

I certify that a copy of this motion was served on Larry Cook, 1024 Capital Center Drive, Frankfort, KY 40601 the 25th day of February, 2008.


John N. Hughes

GASCO DISTRIBUTION SYSTEMS, INC.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

February 22, 2008

Date Rates to be Effective:

April 1, 2008

Reporting Period is Period Ended:

December 31, 2007

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	13.2335
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	7.3055
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	-
= Gas Cost Recovery Rate (GCR)	\$/Mcf	<u>20.5390</u>

GCR to be effective for service rendered from April 1, 2008 to June 30, 2008

A.	<u>'EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	266,138
	+ Sales for the 12 months ended December 31, 2007	Mcf	20,111
	= Expected Gas Cost (EGC)	\$/Mcf	13.2335
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Ach. III)	\$/Mcf	-
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
	+ <u>Third Previous Quarter Supplier Refund Adjustment</u>	\$/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	1.3403
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.2311
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0000
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0000
	+ Previous Two Years Gas Cost Recovered over Three Years	3 Years Ending 3/11 \$/Mcf	4.5686
	+/- Other cost adjustments	10 Years Ending 11/09 \$/Mcf	1.1655
	= Actual Adjustment (AA)	\$/Mcf	7.3055
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	-
	+ <u>Third Previous Quarter Reported Balance Adjustment</u>	\$/Mcf	-
	= Balance Adjustment (BA)	\$/Mcf	-

SCHEDULE II
EXPECTED GAS COST

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Actual Mcf	(5) ** Projected Rate	(6) (4) x (5) Cost	
The Titan Energy Group, Inc.	Apr-08	1,524	1,035	1,472	11.1329	16,387.63
The Titan Energy Group, Inc.	May-08	995	1.035	961	11.1329	10,698.72
The Titan Energy Group, Inc.	Jun-08	811	1.035	784	11.1329	8,728.19
The Titan Energy Group, Inc.	Jul-08	338	1.035	327	11.1329	3,640.46
The Titan Energy Group, Inc.	Aug-08	414	1.035	400	11.1329	4,453.16
The Titan Energy Group, Inc.	Sep-08	392	1.035	379	11.1329	4,219.37
The Titan Energy Group, Inc.	Oct-08	854	1.035	825	11.1329	9,184.64
The Titan Energy Group, Inc.	Nov-08	1,943	1.035	1,877	11.1329	20,896.45
The Titan Energy Group, Inc.	Dec-08	3,340	1.035	3,227	11.1329	35,925.87
The Titan Energy Group, Inc.	Jan-09	3,299	1.035	3,187	11.1329	35,480.55
The Titan Energy Group, Inc.	Feb-09	5,191	1.035	5,015	11.1329	55,831.49
The Titan Energy Group, Inc.	Mar-09	<u>1,715</u>	1.035	<u>1,657</u>	11.1329	<u>18,447.22</u>
Sub-total				<u>20,111</u>		<u>\$223,893.75</u>

Add in: Annual East Tennessee Demand Charge \$2,411.45 x 12 mo. \$28,937.40
\$252,831.15

Line loss for the 12 months ended is _____ or 0.00% based on purchases of 20,111
Mcf and sales of 20,111 Mcf.

	Unit	Amount
Total Expected Cost of Purchase (6) (See attached schedule)	\$	\$252,831.15
/ MCF Purchases (4)	Mcf	<u>20,111</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	12.5718
x Allowable Mcf purchases (must not exceed Mcf Sales / .95)	Mcf	<u>21,169</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	<u>266,138.05</u>

* 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 December 31, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	-0-
+ Interest	\$	-0-
<u>= Refund Adjustment including interest</u>	\$	<u>-0-</u>
/ sales for 12 months ended December 31, 2007	Mcf	<u>20,111</u>
<u>= Supplier Refund Adjustment for the Reporting Period</u> (to Schedule IB.)	\$/Mcf	-0-

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended December 31, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>Oct-07</u>	<u>Month 2</u> <u>Nov-07</u>	<u>Month 3</u> <u>Dec-07</u>
Total Supply Volume Purchased	Mcf	825	1,877	3,227
Total Cost of Volume Purchased	\$	\$ 8,590.50	\$ 21,746.20	\$ 41,540.26
/ Total Sales (may not be less than 95% of supply volumes)	Mcf	825	1,877	3,227
<hr/> = Unit Cost of Gas	\$/Mcf	<hr/> 10.4127	<hr/> 11.5856	<hr/> 12.8727
- EGC in effect for month	\$/Mcf	<hr/> 7.5766	<hr/> 7.5766	<hr/> 7.5766
= Difference [(Over-)/ Under-Recovery]	\$/Mcf	<hr/> 2.8361	<hr/> 4.0090	<hr/> 5.2961
x Actual Sales During Period	Mcf	<hr/> 825	<hr/> 1,877	<hr/> 3,227
= Monthly cost difference	\$	<hr/> \$ 2,339.81	<hr/> \$ 7,524.92	<hr/> \$ 17,090.57

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	26,955.30
/ Sales for 12 months ended December 31, 2007.	Mcf	<hr/> 20,111
<hr/> = Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	1.3403

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended December 31, 2007

<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.	\$	
Less: 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.	\$	
Equals: 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.	\$	
Less: 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.	\$	
Equals: 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.	\$	
Less: 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.	\$	
Equals: Balance Adjustment for the BA.	\$	_____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	
/ Sales for 12 months ended <u>December 31, 2007</u> .	Mcf	
<hr/> = Balance Adjustment for the Reporting Period (to Schedule ID.)	\$ / Mcf	_____