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DEC 26 2007
PUBLIC SERVICE
COMMISSION

December 19, 2007

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

RE: Case # Gas Cost Adjustment Report

Case No: 2007-00557

Dear Ms. O'Donnell:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, February 1, 2008 to April 30, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard". The signature is fluid and cursive, written over a white background.

Gary K. Dillard
Executive Vice President

Case No: 2007-100557

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DEC 26 2007

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

PUBLIC SERVICE
COMMISSION

Date Filed: January 1, 2008

Date Rates to be Effective: February 1, 2008 TO April 30, 2008

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	\$ 7.6414
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.9801)
+ Balance Adjustment (BA)	\$/Mcf	<u>0.0109</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 6.6722

GCR to be effective for service rendered from: **02-01-08 TO 04-30-08**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	766,654.13
+ Sales for the 12 months ended 10/1/2007	Mcf	<u>100,329.10</u>
- Expected Gas Cost (EGC)	\$/Mcf	7.6414

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	\$ 0.3739
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.3683
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.9879)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (0.7344)</u>
= Actual Adjustment (AA)	\$/Mcf	\$ (0.9801)

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.0072
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0016)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0023)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ 0.0076</u>
= Balance Adjustment (BA)	\$/Mcf	\$ 0.0109

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended			10/01/07		
(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>
Nov-06 Atmos Energy Marketing	9,834.00	1.034	9,510.64	7.478	71,120.57
Dec-06 Atmos Energy Marketing	10,031.00	1.034	9,701.16	7.478	72,545.27
Jan-07 Atmos Energy Marketing	11,944.00	1.034	11,551.26	7.478	86,380.32
Feb-07 Atmos Energy Marketing	11,930.00	1.034	11,537.72	7.478	86,279.07
Mar-07 Atmos Energy Marketing	9,722.00	1.034	9,402.32	7.478	70,310.55
Apr-07 Atmos Energy Marketing	9,319.00	1.034	9,012.57	7.478	67,396.00
May-07 Atmos Energy Marketing	8,012.00	1.034	7,748.55	7.478	57,943.66
Jun-07 Atmos Energy Marketing	7,188.00	1.034	6,951.64	7.478	51,984.36
Jul-07 Atmos Energy Marketing	7,071.00	1.034	6,838.49	7.478	51,138.23
Aug-07 Atmos Energy Marketing	6,471.00	1.034	6,258.22	7.478	46,798.97
Sep-07 Atmos Energy Marketing	6,333.00	1.034	6,124.76	7.478	45,800.96
Oct-07 Atmos Energy Marketing	8,152.00	1.034	7,883.95	7.478	58,956.18
Totals	106,007.00	1.034	102,521.28	7.478	766,654.13

Line losses are 2.14% for 12 months ended 10/1/2007 based on purchases of
102,521.28 Mcf and sales of 100,329 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 766,654.13
Expected Mcf Purchases (4)	Mcf	<u>102,521.28</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 7.478
Plus: Expected Losses of (not to exceed 5%)	(D26/0.95) if line loss > 5% Mcf	<u>766,654.13</u>
= Total Expected Gas Cost	(J32*J33 if line loss) \$	\$ 766,654.13

Allowable Sales (maximum losses of 5%). \$766,654.13

*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 10/1/2007

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended ___ 10/1/2007	Mcf	100,329
<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 10/1/2007

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Aug-07</u>	Month 2 <u>Sep-07</u>	Month 3 <u>Oct-07</u>
Total Supply Volumes Purchased	Mcf	6,258.22	6,124.76	7,883.95
Total Cost of Volumes Purchased	\$	\$ 53,474.47	\$ 51,140.91	\$ 67,847.01
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 6,234.10</u>	<u>\$ 5,818.52</u>	<u>\$ 7,679.80</u>
= Unit Cost of Gas	\$/Mcf	\$ 8.5777	\$ 8.7893	\$ 8.8345
- EGC in effect for month	\$/Mcf	<u>\$ 7.7728</u>	<u>\$ 7.7728</u>	<u>\$ 7.7728</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 0.8049	\$ 1.0165	\$ 1.0617
x Actual sales during month	Mcf	<u>6,234.10</u>	<u>5,372.20</u>	<u>7,679.80</u>
= Monthly cost difference	\$	12,144.95	12,925.93	12,445.79

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u>	<u>Amount</u>
	\$	\$ 37,516.67
+ Sales for 12 months ended <u>10/1/2007</u>	Mcf	<u>100,329</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ 0.3739

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended

10/1/2007

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>(9,022.65)</u> Case No. 2006-00427
2	Less: Dollars amount resulting from the AA of <u>(1.0290)</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 9,470		
3	MCF during the 12 month period the AA was in effect.	\$	<u>(9,744.63)</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>721.98</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 100,329 MCF		
7	during the 12 month period the RA was in effect.	\$	<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 100,329 MCF during the 12 month		
11	period the BA was in effect.	\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>721.98</u>
14	Divided By: Sales for 12 months ended 10/1/2007	\$	<u>100,329</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>0.0072</u>