

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

June 27, 2008

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

JUL 1 2008

**PUBLIC SERVICE
COMMISSION**

RE: Public Gas Company
Case No.
GCR Filing Proposed to Become
Effective August 1, 2008

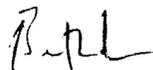
2008-244

Dear Ms. Stumbo:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective August 1, 2008. Also included are an original and five copies of 46th 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 \$14.0598 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: June 27, 2008

Date Rates to be Effective: August 1, 2008

Reporting Period is Calendar Quarter Ended: October 31, 2008

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	13.6079
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.4519
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		14.0598

GCR to be effective for service rendered from August 1, 2008 to October 31, 2008

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	.4228
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	.0687
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0384)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0012)
=	Actual Adjustment (AA)	\$/Mcf	.4519

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 January 31, 2008

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchases		Mcfs	Rate	Sales Mcfs	
02/28/07		26,788	13.6079	26,111	
03/31/07		12,050	13.6079	11,774	
04/30/07		9,131	13.6079	8,956	
05/31/07		3,744	13.6079	3,647	
06/30/07		2,202	13.6079	2,147	
07/31/07		2,254	13.6079	2,187	
08/31/07		1,653	13.6079	1,605	
09/30/07		1,900	13.6079	1,863	
10/31/07		2,393	13.6079	2,343	
11/30/07		11,387	13.6079	11,080	
12/31/07		16,169	13.6079	15,752	
01/31/08		24,764	13.6079	24,266	
Totals		<u>114,435</u>		<u>111,731</u>	

Line loss for 12 months ended January 31, 2008 is 2.36% based on purchases of 114,435 Mcf and sales of 111,731 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.

\$13.6079 Per Attached Schedule

Jefferson Gas, LLC

06/24/08

Expected gas price, August, September and October 2008.

Public Gas has asked for an estimate of their gas price for the months of August, September & October 2008.

	Gas price* to Public Gas
August 2008	13.24
September 2008	13.28
October 2008	13.34

*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 June 23, 2008.

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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 April 30, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Feb 08)</u>	<u>Month 2 (Mar 08)</u>	<u>Month 3 (Apr 08)</u>
Total Supply Volumes Purchased	Mcf	20,162	16,692	7,983
Total Cost of Volumes Purchased	\$	186,700.12	160,910.88	80,628.30
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	19,581	16,341	7,798
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= Unit Cost of Gas	\$/Mcf	9.5348	9.8471	10.3397
- EGC in effect for month	\$/Mcf	8.7148	8.7148	8.7148
<hr/>				
= Difference [(over-)/Under-Recovery]	\$/Mcf	.8200	1.1323	1.6249
<hr/>				
x Actual sales during month	Mcf	19,581	16,341	7,798
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= Monthly cost difference	\$	16,056.42	18,502.91	12,670.97
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	47,230.30
÷ Sales for 12 months ended <u>January 31, 2008</u>			Mcf	111,731
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Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	.4228

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	\$	_____
	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 _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____

Entire Service Area

FOR _____
Community, Town or City
1

P.S.C. KY. NO. _____

46th Revised 1
SHEET NO. 1

Public Gas Company

(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

45th Revised 1
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	14.0598	17.3303
All Over	1 Mcf		2.1505	14.0598	16.2103

DATE OF ISSUE June 27, 2008
Month / Date / Year

DATE EFFECTIVE August 1, 2008
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 _____