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PUBLIC SERVICE
COMMISSION

November 20, 2008

Ms. Stephanie Stumbo
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 42602

RE: Case # Gas Cost Adjustment Report

Dear Ms. Stumbo:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, January 1, 2009 through March 31, 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Dillard". The signature is fluid and cursive, with a large initial "G" and "D".

Gary K. Dillard
President

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: 1-Dec-08

Date Rates to be Effective: January 1, 2009 TO March 31, 2009

Reporting Period is Calendar Quarter Endec

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 6.0027
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	0.9902
+ Balance Adjustment (BA)	\$/Mcf	0.0504
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>\$ 7.0432</u>

GCR to be effective for service rendered from: 01-01-09 TO 03-31-09

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	666,238.12
+ Sales for the 12 months end #####	Mcf	<u>110,990.10</u>
<u>- Expected Gas Cost (EGC)</u>	\$/Mcf	6.0027
<u>B. 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>
<u>= Refund Adjustment (RA)</u>	\$/Mcf	\$ -
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	\$ (0.3798)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.4784
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.5300
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.3616</u>
<u>= Actual Adjustment (AA)</u>	\$/Mcf	\$ 0.9902
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0303)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0475
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0319
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ 0.0013</u>
<u>= Balance Adjustment (BA)</u>	\$/Mcf	\$ 0.0504

**SCHEDULE II
EXPECTED GAS COST**

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Actual* Mcf Purchase for 12 months ended

10/31/08

(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-07 Atmos Energy Marketing	9,279.00	1.034	8,973.89	6.5200	58,509.76
Dec-07 Atmos Energy Marketing	10,737.00	1.034	10,383.95	6.5200	67,703.35
Jan-08 Atmos Energy Marketing	11,935.00	1.034	11,542.55	6.5200	75,257.43
Feb-08 Atmos Energy Marketing	11,814.00	1.034	11,425.53	6.5200	74,494.46
Mar-08 Atmos Energy Marketing	10,912.00	1.034	10,553.19	6.5200	68,806.80
Apr-08 Atmos Energy Marketing	9,012.00	1.034	8,715.67	6.5200	56,826.17
May-08 Atmos Energy Marketing	7,808.00	1.034	7,551.26	6.5200	49,234.22
Jun-08 Atmos Energy Marketing	6,365.00	1.034	6,155.71	6.5200	40,135.23
Jul-08 Atmos Energy Marketing	6,834.00	1.034	6,609.28	6.5200	43,092.51
Aug-08 Atmos Energy Marketing	6,063.00	1.034	5,863.64	6.5200	38,230.93
Sep-08 Atmos Energy Marketing	6,229.00	1.034	6,024.18	6.5200	39,277.65
Oct-08 Atmos Energy Marketing	8,670.00	1.034	8,384.91	6.5200	54,669.61
Totals	105,658.00	1.034	102,183.76	6.5200	666,238.12

Line losses are 102,183.76 Mcf and sales of 110,990 Mcf. -8.62% for 12 months ended 10/31/2008 based on purchases of

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 666,238.12
Expected Mcf Purchases (4)	Mcf	<u>102,183.76</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.5200
Plus: Expected Losses of _____ (not to exceed 5%)	Mcf	<u>666,238.12</u>
= Total Expected Gas Cost	\$	\$ 666,238.12
Allowable Sales (maximum losses of 5%).		\$666,238.12

*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 #####

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended #####	Mcf	110,990
<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 10/31/2008

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Aug-08</u>	Month 2 <u>Sep-08</u>	Month 3 <u>Oct-08</u>
Total Supply Volumes Purchased	Mcf	5,863.64	6,024.18	8,384.91
Total Cost of Volumes Purchased	\$	\$ 58,870.11	\$ 57,916.25	\$ 77,790.98
Total Sales	Mcf	<u>\$ 6,823.40</u>	<u>\$ 6,283.10</u>	<u>\$ 8,974.60</u>
(may not be less than 95% of supply volumes) (G8*0.95)				
= Unit Cost of Gas	\$/Mcf	\$ 8.6277	\$ 9.2178	\$ 8.6679
- EGC in effect for month	\$/Mcf	<u>\$ 12.5101</u>	<u>\$ 12.5101</u>	<u>\$ 8.1088</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (3.8824)	\$ (3.2923)	\$ 0.5591
x Actual sales during month	Mcf	<u>6,823.40</u>	<u>6,283.10</u>	<u>8,974.60</u>
= Monthly cost difference	\$	(26,491.31)	(20,685.96)	5,017.74
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)	\$		\$ (42,159.52)	
+ Sales for 12 months ended <u>10/31/2008</u>	Mcf		<u>110,990</u>	
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf		\$ (0.3798)	

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended 10/31/2008

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.	\$	##### Case No. 2007-00427
2	Less: Dollars amount resulting from the AA of 0.3683 \$/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 #####		
3	MCF during the 12 month period the AA was in effect.	\$	40,877.65
4	Equals: Balance Adjustment for the AA.	\$	#####
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.	\$	-
6	Less: Dollar amount resulting from the RA of - \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of 110,990 MCF		
7	during the 12 month period the RA was in effect.	\$	-
8	Equals: Balance Adjustment for the RA.	\$	-
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.	\$	-
10	Less: Dollar amount resulting from the BA of - \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of 110,990 MCF during the 12 month		
11	period the BA was in effect.	\$	-
12	Equals: Balance Adjustment for the BA.	\$	-
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	-3360.98
14	Divided By: Sales for 12 months ended 10/31/2008	\$	110,990
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	(0.0303)