

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

September 29, 2010

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

**RECEIVED**

**SEP 29 2010**

**PUBLIC SERVICE  
COMMISSION**

RE: Public Gas Company  
Case No.  
GCR Filing Proposed to Become  
Effective November 1, 2010

Dear Mr. Derouen:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective November 1, 2010. Also included are an original and ten copies of 55th 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 \$5.9614 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed: September 29, 2010

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Date Rates to be Effective: November 1, 2010

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Reporting Period is Calendar Quarter Ended: January 31, 2011

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.8749
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.9135)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		5.9614

GCR to be effective for service rendered from November 1, 2010 to January 31, 2011

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	.0194
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.3834)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.4522)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0973)
=	Actual Adjustment (AA)	\$/Mcf	(.9135)

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 April 30, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Month		Purchases Mcfs	Rate	Sales Mcfs	
05/31/09		2,877	6.8749	2,829	
06/30/09		1,753	6.8749	1,713	
07/31/09		1,820	6.8749	1,766	
08/31/09		1,448	6.8749	1,400	
09/30/09		1,815	6.8749	1,746	
10/31/09		5,785	6.8749	5,625	
11/30/09		8,715	6.8749	8,434	
12/31/09		21,356	6.8749	20,585	
01/31/10		23,166	6.8749	22,355	
02/28/10		23,706	6.8749	23,100	
03/31/10		18,159	6.8749	17,735	
04/30/10		4,673	6.8749	4,552	
Totals		<u>115,273</u>		<u>111,840</u>	

Line loss for 12 months ended April 30, 2010 is 2.978% based on purchases of 115,273 Mcf and sales of 111,840 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.

**\$6.8749 Per Attached Schedule**

Jefferson Gas, LLC

09/23/10

Expected gas price, November, December 2010, and January 2011

Public Gas has asked for an estimate of their gas price for the months of November and December 2010, and January 2011.

	Gas price* to Public Gas
November 2010	6.44
December 2010	6.69
January 2011	6.88

\*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 September 24, 2010.

6.440000+  
6.690000+  
6.880000+  
20.010000\*

20.010000÷  
3.=  
6.670000\*

6.670000÷  
0.9702=  
6.874871\*

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

July 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (May 10)</u>	<u>Month 2 (Jun 10)</u>	<u>Month 3 (Jul 10)</u>
Total Supply Volumes Purchased	Mcf	3,086	1,817	1,324
Total Cost of Volumes Purchased	\$	24,916.36	11,732.37	9,371.27
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	2,990	1,761	1,296
= Unit Cost of Gas	\$/Mcf	8.3332	6.6623	7.2309
- EGC in effect for month	\$/Mcf	7.2513	7.2513	7.2513
= Difference [(over-)/Under-Recovery]	\$/Mcf	1.0819	(0.5890)	(0.0204)
x Actual sales during month	Mcf	2,990	1,761	1,296
= Monthly cost difference	\$	3,234.88	(1,037.23)	(26.44)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	2,171.21
÷ Sales for 12 months ended April 30, 2010			Mcf	111,840
Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	.0194

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 <b>Less:</b> 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. <b>Equals:</b> 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. <b>Less:</b> 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. <b>Equals:</b> 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 <b>Less:</b> 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. <b>Equals:</b> 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	_____

FOR Entire Service Area  
 PSC KY NO. \_\_\_\_\_ 1  
 55th Revised SHEET NO. \_\_\_\_\_ 1  
 CANCELLING PSC KY NO. \_\_\_\_\_ 1  
 54th Revised SHEET NO. \_\_\_\_\_ 1

Public Gas Company  
 \_\_\_\_\_  
 (NAME OF UTILITY)

Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	5.9614	9.2319
All Over	1 Mcf		2.1505	5.9614	8.1119

DATE OF ISSUE September 29, 2010  
MONTH / DATE / YEAR  
 DATE EFFECTIVE November 1, 2010  
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 \_\_\_\_\_