COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS ADJUSTMENT FILING OF PUBLIC GAS COMPANY

CASE NO. 2004-00265

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On October 10, 1987, in Case No. 9565, the Commission approved rates for Public Gas Company ("Public") and provided for their further adjustment in accordance with Public's gas cost adjustment ("GCA") clause.

On June 29, 2004, Public filed its proposed GCA to be effective August 1, 2004.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Public's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Public's proposed expected gas cost ("EGC") is \$8.0289 per Mcf, which is an increase of 70.27 cents per Mcf from the previous EGC of \$7.3262.

3. Public's notice sets out no current quarter refund adjustment.

4. Public's notice sets out a current quarter actual adjustment ("AA") of (9.69) cents per Mcf. Public's notice sets out a total AA of 19.41 cents per Mcf, which is a decrease of 23.54 cents per Mcf from the previous total AA.

5. Public's GCA is \$8.2230 per Mcf, which is 46.73 cents per Mcf more than the previous GCA of \$7.7557.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for gas supplied by Public on and after August 1, 2004.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after August 1, 2004.

2. Within 20 days of the date of this Order, Public shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 16th day of July, 2004.

By the Commission

ATTEST:

Executive Director

Case No. 2004-00265

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00265 DATED July 16, 2004

The following rates and charges are prescribed for the customers served by Public Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Rates:

	Base Rate	Gas Cost	Rate per Mcf
Minimum Bill - First Mcf	\$3.2705	\$8.2230	\$11.4935
Over 1 Mcf	\$2.1505	\$8.2230	\$10.3735