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2009-00344

August 26, 2009

RECEIVED

AUG 28 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen, Executive Director
Executive Director, Public Service Commission
PO Box 615 / 211 Sower Blvd.
Frankfort, KY 40602

RE: Case # Gas Cost Adjustment Report

Dear Mr. Derouen:

The following document is Millennium Energy's Amended Gas Cost Adjustment Report for quarter, October 1, 2009 to December 31, 2009 as per our phone conversation with Leah Faulkner on Tuesday, August 25.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wayne Goodrum".

Wayne Goodrum
Manager

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: 1-Sep-09

Date Rates to be Effective: October 1, 2009 TO December 31, 2009

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	\$ 3.9507
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	1.5782
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0437)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 5.4852

GCR to be effective for service rendered from: **10-01-09 to 12-31-09**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	408,675.14
+ Sales for the 12 months ended 7/31/2009	Mcf	<u>103,443.90</u>
- Expected Gas Cost (EGC)	\$/Mcf	3.9507

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	\$ 0.6600
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.8533
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.4447
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ (0.3798)</u>
= Actual Adjustment (AA)	\$/Mcf	\$ 1.5782

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ 0.0128
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0086)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0176)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.0303)</u>
= Balance Adjustment (BA)	\$/Mcf	\$ (0.0437)

SCHEDULE II
EXPECTED GAS COST

Appendix B
Page 3

Actual* Mcf Purchase for 12 months ended

07/31/09

(1) Supplier	(2) Dth	(3) Heat Rate	(4) Mcf	(5) Rate	(6) (2) x (5) Cost
Aug-08 Atmos Energy Marketing	6,063.00	1.034	5,863.64	4.0100	24,312.63
Sep-08 Atmos Energy Marketing	6,229.00	1.034	6,024.18	4.0100	24,978.29
Oct-08 Atmos Energy Marketing	8,670.00	1.034	8,384.91	4.0100	34,766.70
Nov-08 Atmos Energy Marketing	9,809.00	1.034	9,486.46	4.0100	39,334.09
Dec-08 Atmos Energy Marketing	11,392.00	1.034	11,017.41	4.0100	45,681.92
Jan-09 Atmos Energy Marketing	12,624.00	1.034	12,208.90	4.0100	50,622.24
Feb-09 Atmos Energy Marketing	10,170.00	1.034	9,835.59	4.0100	40,781.70
Mar-09 Atmos Energy Marketing	9,597.00	1.034	9,281.43	4.0100	38,483.97
Apr-09 Atmos Energy Marketing	8,582.00	1.034	8,299.81	4.0100	34,413.82
May-09 Atmos Energy Marketing	6,816.00	1.034	6,591.88	4.0100	27,332.16
Jun-09 Atmos Energy Marketing	5,799.00	1.034	5,608.32	4.0100	23,253.99
Jul-09 Atmos Energy Marketing	6,163.00	1.034	5,960.35	4.0100	24,713.63
Totals	101,914.00	1.034	98,562.86	4.0100	408,675.14

Line losses are 98,562.86 Mcf and sales of 103,444 Mcf. -4.95% for 12 months ended 7/31/2009 based on purchases of

	Unit	Amount
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 408,675.14
Expected Mcf Purchases (4)	Mcf	<u>98,562.86</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.1463
Plus: Expected Losses of (not to exceed 5%)	Mcf	408,675.14
= Total Expected Gas Cost	\$	\$ 408,675.14

Allowable Sales (maximum losses of 5%).

\$408,675.14

*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 7/31/2009

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended <u> </u> 7/31/2009	Mcf	<u>103,444</u>
<hr/>		
=Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	\$ -

SCHEDULE IV
ACTUAL ADJUSTMENT

Appendix B
Page 5

For the 3 month period ended 7/31/2009

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>May-09</u>	Month 2 <u>Jun-09</u>	Month 3 <u>Jul-09</u>
Total Supply Volumes Purchased	Mcf	6,591.88	5,608.32	5,960.35
Total Cost of Volumes Purchased	\$	\$ 63,256.69	\$ 53,380.60	\$ 54,553.27
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 6,967.60</u>	<u>\$ 5,971.10</u>	<u>\$ 6,503.30</u>
= Unit Cost of Gas	\$/Mcf	\$ 9.0787	\$ 8.9398	\$ 8.3886
- EGC in effect for month	\$/Mcf	<u>\$ 6.0027</u>	<u>\$ 6.0027</u>	<u>\$ 3.8825</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 3.0760	\$ 2.9371	\$ 4.5061
x Actual sales during month	Mcf	<u>6,967.60</u>	<u>5,971.10</u>	<u>6,503.30</u>
= Monthly cost difference	\$	21,432.28	17,537.88	29,304.21

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ 68,274.36
+ Sales for 12 months ended <u>7/31/2009</u>	Mcf	<u>103,444</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ 0.6600

SCHEDULE V
BALANCE ADJUSTMENT

Appendix B
Page 6

For the 3 month period ended

7/31/2009

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>56,147.87</u> Case No. 2008-00231
2	Less: Dollars amount resulting from the AA of <u>0.5300</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 <u>103,444</u> MCF during the 12 month period the AA was in effect.		
3		\$	<u>54,825.27</u>
4	Equals: Balance Adjustment for the AA.	\$	<u>1,322.60</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 <u>103,444</u> MCF during the 12 month period the RA was in effect.		
7		\$	<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 <u>103,444</u> MCF during the 12 month period the BA was in effect.		
11		\$	<u>-</u>
12	Equals: Balance Adjustment for the BA.	\$	<u>-</u>
13	Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>1322.60</u>
14	Divided By: Sales for 12 months ended <u>7/31/2009</u>	\$	<u>103,444</u>
15	Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>0.0128</u>

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. _____
1st SHEET NO. 7
Canceling P.S.C. KY NO. _____
SHEET NO. _____

Millennium Energy, Inc.
RULES AND REGULATIONS

Gas Cost Adjustment Clause

The rates authorized herein are based upon the wholesale cost of gas to Millennium Energy, inc. as computed using rates of its wholesale suppliers currently in effect. In the event there is an increase or decrease in wholesale gas cost Millennium shall file with this Commission the following information within 30 days:

1. A copy of the contract or wholesale supplier notification effecting the change in rate and a statement relative to the effective rate of such proposed change.
2. A statement setting out gas sales for the most recent 12 months.
3. A statement setting out the details of gas purchased for the most recent 12 months showing billing from the supplier(s) under the most recent rate(s) and under the proposed supplier rate. The difference between the amounts so determined shall be divided by Millennium's sales for the most recent 12 months, provided Millennium's line loss for the same 12 month period does not exceed 5%. If line loss exceeds 5%, the difference shall be divided by allowable sales calculated as (purchases x .95).
4. A signed and dated tariff sheet showing Millennium's proposed rates for service based on the change in supplier rate. An increase in rates shall not be effective with less than 30 days notice unless a waiver is requested and granted.
5. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.

In the event that Millennium receives from its supplier a refund, bill adjustment or credit of amounts paid to such supplier in respect of a prior period, Millennium will apply to the Commission within 30 days for authority to make adjustments on the rates charged to its customers under this provision as follows:

1. The "refundable amount" shall be the amount received by Millennium as a refund. Each refundable amount shall be divided by the Mcfs of gas that Millennium estimates it will sell to its customers during the four month period commencing with the first day of the month following receipt of the refunds, thus determining a "refund adjustment"

DATE OF ISSUE _____ DATE EFFECTIVE _____
MONTH DAY YEAR

SIGNED BY: _____ President _____
NAME OF OFFICER TITLE ADDRESS

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. 1
1st 8 SHEET NO. 8
Canceling P.S.C. KY NO. _____
SHEET NO. _____

Millennium Energy, Inc.
RULES AND REGULATIONS

2. Upon commission approval, Millennium will reduce by the calculated factor any purchased gas adjustment that would otherwise be applicable during such period.
3. In the event of any large or unusual refund, Millennium may apply to the commission for the right to depart from the refund procedure herein set forth.
4. If the cause for the usage deviation cannot be determined from analysis of the customer's meter reading and billing records, the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the customer's service line.
5. Where the deviation is not otherwise explained, the Company will test the customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
6. The Company will notify the customers of the investigation, its findings, and any refunds or back billing in accordance with 807 KAR 5:006, Section 10 (4) and (5).

In addition to the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on going meter reading or billing processes or customer inquiry.

Upon receipt of the required information, the Commission shall review the proposed increase, reduction, or refund and, within 30 days from receipt of the information required, issue its Order setting out the proper revised rates or otherwise acting to investigate or suspend the proposed rates.

DATE OF ISSUE _____ DATE EFFECTIVE _____
MONTH DAY YEAR

SIGNED BY: _____ President _____
NAME OF OFFICER TITLE ADDRESS

MILLENNIUM ENERGY
Purchased Gas Adjustment Calculation [1]

Line No	Wholesale Supplier	Purchased Gas (@ Delivery Point)					
		Month	Amount (\$)	Quantity (decatherms)	Heat Rate (dt/mcF)	Quantity (mcF)	Avg. Rate (\$/mcF)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Atmos Energy Marketing	Aug-08	58,870.11	6,063.00	1.034	5,863.64	10.04
2	Atmos Energy Marketing	Sep-08	57,916.25	6,229.00	1.034	6,024.18	9.61
3	Atmos Energy Marketing	Oct-08	77,790.98	8,670.00	1.034	8,384.91	9.28
4	Atmos Energy Marketing	Nov-08	84,038.15	9,809.00	1.034	9,486.46	8.86
5	Atmos Energy Marketing	Dec-08	99,001.42	11,392.00	1.034	11,017.41	8.99
6	Atmos Energy Marketing	Jan-09	107,539.47	12,624.00	1.034	12,208.90	8.81
7	Atmos Energy Marketing	Feb-09	89,067.55	10,170.00	1.034	9,835.59	9.06
8	Atmos Energy Marketing	Mar-09	84,952.46	9,597.00	1.034	9,281.43	9.15
9	Atmos Energy Marketing	Apr-09	72,558.73	8,582.00	1.034	8,299.81	8.74
10	Atmos Energy Marketing	May-09	63,256.69	6,816.00	1.034	6,591.88	9.60
11	Atmos Energy Marketing	Jun-09	53,380.60	5,799.00	1.034	5,608.32	9.52
12	Atmos Energy Marketing	Jul-09	54,553.27	6,163.00	1.034	5,960.35	9.15
	Total		902,925.68	101,914.00	1.034	98,562.86	9.16

[1] Losses are based on a 12-month moving average.

MILLENNIUM ENERGY
Purchased Gas Adjustment Calculation [1]

Wholesale Supplier	Monthly Gas Sales			12-Months Gas Totals			Recovery Rate	
	Quantity	Losses	Avg. Rate	Purchases	Sales	Losses	Cost	Rate
(a)	(mcF) (h)	(%) (i)	(\$/mcF) (j)	(mcF) (k)	(mcF) (l)	(%) (m)	(\$) (n)	(\$/mcF) (o)
Atmos Energy Marketing	6,823.40	-16.37%	8.63	5,863.64	6,823	-16.37%	58,870	8.63
Atmos Energy Marketing	6,283.10	-4.30%	9.22	11,887.81	13,107	-10.25%	116,786	8.91
Atmos Energy Marketing	8,974.60	-7.03%	8.67	20,272.73	22,081	-8.92%	194,577	8.81
Atmos Energy Marketing	8,923.80	5.93%	9.42	29,759.19	31,005	-4.19%	278,615	8.99
Atmos Energy Marketing	11,798.90	-7.09%	8.39	40,776.60	42,804	-4.97%	377,617	8.82
Atmos Energy Marketing	12,066.40	1.17%	8.91	52,985.49	54,870	-3.56%	485,156	8.84
Atmos Energy Marketing	10,737.40	-9.17%	8.30	62,821.08	65,608	-4.44%	574,224	8.75
Atmos Energy Marketing	9,576.40	-3.18%	8.87	72,102.51	75,184	-4.27%	659,176	8.77
Atmos Energy Marketing	8,817.90	-6.24%	8.23	80,402.32	84,002	-4.48%	731,735	8.71
Atmos Energy Marketing	6,967.60	-5.70%	9.08	86,994.20	90,970	-4.57%	794,992	8.74
Atmos Energy Marketing	5,971.10	-6.47%	8.94	92,602.51	96,941	-4.68%	848,372	8.75
Atmos Energy Marketing	6,503.30	-9.11%	8.39	98,562.86	103,444	-4.95%	902,926	8.73
Total	103,443.90	-4.95%	8.73	98,562.86	103,444	-4.95%	902,926	8.73

[1] Losses are based on a 12

Meador, Wendy

From: Dougford52@aol.com
Sent: Wednesday, August 19, 2009 8:48 AM
To: Meador, Wendy
Subject: NYMEX Future prices

To: Wendy Meador
Millennium Energy

From: Doug Ford
Atmos Energy Marketing

RE: Natural Gas NYMEX Futures as of 08-18-2009

As of close of market on 05/18/2009, NYMEX Future prices for natural gas delivered during the months of Jul-09 through Sep-09 would be as follows:

Sept 09 \$ 3.100
Oct 09 \$ 3.430
Nov 09 \$ 4.300

Above cost(s) do not include any applicable pipeline fuel, transportation, or associated sales costs that constitute a delivered costs.

Doug Ford
Regional Account Manager
Atmos Energy Marketing, LLC
Atmos Energy Marketing
615) 309-9898
Cell (615) 812-4976

$$\begin{array}{r} 3.1000 \\ 3.430 \\ 4.300 \\ \hline 10.8300 \div 3 = 3.6100 \end{array}$$
 Averaged out

$$\begin{array}{r} 3.6100 \\ + .40 \text{ transp} \\ \hline 4.0100 \end{array}$$
 Needed to add out transportation cost from Supplier as per Leah Faulkner - PSC