



698 Morgantown Rd
Franklin KY 42134
Phone: (270) 586-3443
Emergency: 1-888-281-9133
Fax: (270) 393-2615

August 12, 2010

RECEIVED

AUG 23 2010

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

2010-00338

Dear Mr. Derouen:

The following document is Millennium Energy's Gas Cost Adjustment Report for quarter, October 1, 2010 to December 31, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Goodrum", written in a cursive style.

Wayne Goodrum
Manager

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AUG 23 2010

PUBLIC SERVICE
COMMISSION

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QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed: 1-Sep-10

Date Rates to be Effective: October 1, 2010 TO December 31, 2010

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	\$ 4.7708
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	1.8473
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0077)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 6.6105

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

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	519,409.16
+ Sales for the 12 months ended 7/31/2010	Mcf	<u>108,871.50</u>
- Expected Gas Cost (EGC)	\$/Mcf	4.7708

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	\$ (0.0292)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0190
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.9939
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.8636</u>
= Actual Adjustment (AA)	\$/Mcf	\$ 1.8473

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.0229)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0101
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0206)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ 0.0257</u>
= Balance Adjustment (BA)	\$/Mcf	\$ (0.0077)

SCHEDULE II
EXPECTED GAS COST

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Actual* Mcf Purchase for 12 months ended

			07/31/10		
(1)	(2)	(3)	(4)	(5)	(6)
Supplier	Dth	Heat Rate	Mcf	Rate	(2) x (5) Cost
Aug-09 Atmos Energy Marketing	5,880.00	1.0340	5,686.65	4.5587	26,805.16
Sep-09 Atmos Energy Marketing	6,771.00	1.0340	6,548.36	4.5587	30,866.96
Oct-09 Atmos Energy Marketing	8,343.00	1.0189	8,188.24	4.5587	38,033.23
Nov-09 Atmos Energy Marketing	9,485.00	1.0190	9,308.15	4.5587	43,239.27
Dec-09 Atmos Energy Marketing	13,479.00	1.0194	13,222.48	4.5587	61,446.72
Jan-10 Atmos Energy Marketing	15,116.00	1.0194	14,828.33	4.5587	68,909.31
Feb-10 Utility Gas Management	13,307.00	1.0193	13,055.04	4.5587	60,662.62
Mar-10 Utility Gas Management	11,263.00	1.0104	11,147.07	4.5587	51,344.64
Apr-10 Utility Gas Management	8,355.00	1.0268	8,136.93	4.5587	38,087.94
May-10 Utility Gas Management	7,786.00	1.0229	7,611.69	4.5587	35,494.04
Jun-10 Utility Gas Management	6,962.00	1.0152	6,857.76	4.5587	31,737.67
Jul-10 Utility Gas Management	7,191.00	1.0132	7,097.32	4.5587	32,781.61
Totals	113,938.00	1.0201	111,688.02	4.5587	519,409.16

Line losses are 2.52% for 12 months ended 7/31/2010 based on purchases of
111,688.02 Mcf and sales of 108,871.50 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 519,409.16
Expected Mcf Purchases (4)	Mcf	<u>111,688.02</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.6505
Plus: Expected Losses of (not to exceed 5%)	(D26/0.95) if line loss > 5% Mcf	<u>519,409.16</u>
= Total Expected Gas Cost	(J32*J33 if line loss) \$	\$ 519,409.16

Allowable Sales (maximum losses of 5%). 519,409.16

*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 7/31/2010

<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> 7/31/2010</u>	Mcf	<u>108,872</u>
<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 7/31/2010

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>May-10</u>	Month 2 <u>Jun-10</u>	Month 3 <u>Jul-10</u>
Total Supply Volumes Purchased	Mcf	7,611.69	6,857.76	7,097.32
Total Cost of Volumes Purchased	\$	\$ 38,301.97	\$ 34,379.25	\$ 36,359.52
Total Sales (may not be less than 95% of supply volumes) (G8*0.95)	Mcf	<u>\$ 7,231.11</u>	<u>\$ 6,643.40</u>	<u>\$ 6,786.70</u>
= Unit Cost of Gas	\$/Mcf	\$ 5.8583	\$ 5.8583	\$ 4.4489
- EGC in effect for month	\$/Mcf	<u>\$ 5.3721</u>	<u>\$ 5.3721</u>	<u>\$ 5.8583</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ 0.4862	\$ 0.4862	\$ (1.4094)
x Actual sales during month	Mcf	<u>6,502.10</u>	<u>6,643.40</u>	<u>6,786.70</u>
= Monthly cost difference	\$	3,161.32	3,230.02	(9,565.17)

Total cost difference (Month 1 + Month 2 + Month 3)	<u>Unit</u> \$	<u>Amount</u> \$ (3,173.83)
+ Sales for 12 months ended <u> 7/31/2010</u>	Mcf	<u>108,872</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.0292)

SCHEDULE V
BALANCE ADJUSTMENT

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For the 3 month period ended 7/31/2010

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>90,405.60</u> Case No. 2009-00195
2	Less: Dollars amount resulting from the AA of <u>0.8533</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>108,872</u> MCF during the 12 month period the AA was in effect.	\$	<u>92,900.05</u>
3	4 Equals: Balance Adjustment for the AA.	\$	<u>(2,494.45)</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>108,872</u> MCF during the 12 month period the RA was in effect.	\$	<u>-</u>
7	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>108,872</u> MCF during the 12 month period the BA was in effect.	\$	<u>-</u>
11	12 Equals: Balance Adjustment for the BA.	\$	<u>-</u>
12	13 Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>-2494.45</u>
13	14 Divided By: Sales for 12 months ended 7/31/2010	\$	<u>108,872</u>
14	15 Equals: Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.0229)</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 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	Month	Purchased Gas (@ Delivery Point)				
			Amount (\$)	Quantity (decatherms)	Heat Rate (dt/mcf)	Quantity (mcf)	Avg. Rate (\$/mcf)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Atmos Energy Marketing	Aug-09	52,020.67	5,880.00	1.0340	5,686.65	9.15
2	Atmos Energy Marketing	Sep-09	55,849.72	6,771.00	1.0340	6,548.36	8.53
3	Atmos Energy Marketing	Oct-09	67,605.64	8,343.00	1.0189	8,188.24	8.26
4	Atmos Energy Marketing	Nov-09	75,512.61	9,485.00	1.0190	9,308.15	8.11
5	Atmos Energy Marketing	Dec-09	99,888.10	13,479.00	1.0194	13,222.48	7.55
6	Atmos Energy Marketing	Jan-10	94,820.36	15,116.00	1.0194	14,828.33	6.39
7	Utility Gas Management	Feb-10	80,780.43	13,307.00	1.0193	13,055.04	6.19
8	Utility Gas Management	Mar-10	59,273.99	11,263.00	1.0104	11,147.07	5.32
9	Utility Gas Management	Apr-10	39,980.73	8,355.00	1.0268	8,136.93	4.91
10	Utility Gas Management	May-10	38,301.97	7,786.00	1.0229	7,611.69	5.03
11	Utility Gas Management	Jun-10	34,379.25	6,962.00	1.0152	6,857.76	5.01
12	Utility Gas Management	Jul-10	36,359.52	7,191.00	1.0132	7,097.32	5.12
Total			734,772.99	113,938.00	1.0201	111,688.02	6.58

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

MILLENNIUM ENERGY
Purchased Gas Adjustment [11]

Wholesale Supplier	Monthly Gas Sales				12-Months Gas Totals			Recovery Rate	
	Quantity (mcf) (h)	Losses (%) (i)	Avg. Rate (\$/mcf) (j)	Purchases (mcf) (k)	Sales (mcf) (l)	Losses (%) (m)	Cost (\$) (n)	Rate (\$/mcf) (o)	
Atmos Energy Marketing	5,583.20	1.82%	9.32	5,686.65	5,583	1.82%	52,021	9.32	
Atmos Energy Marketing	7,505.70	-14.62%	7.44	12,235.01	13,089	-6.98%	107,870	8.24	
Atmos Energy Marketing	8,213.90	-0.31%	8.23	20,423.25	21,303	-4.31%	175,476	8.24	
Atmos Energy Marketing	8,839.50	5.03%	8.54	29,731.40	30,142	-1.38%	250,989	8.33	
Atmos Energy Marketing	11,959.20	9.55%	8.35	42,953.88	42,102	1.98%	350,877	8.33	
Atmos Energy Marketing	14,627.00	1.36%	6.48	57,782.21	56,729	1.82%	445,697	7.86	
Utility Gas Management	12,419.70	4.87%	6.50	70,837.25	69,148	2.38%	526,478	7.61	
Utility Gas Management	10,513.20	5.69%	5.64	81,984.32	79,661	2.83%	585,752	7.35	
Utility Gas Management	9,277.90	-14.02%	4.31	90,121.25	88,939	1.31%	625,732	7.04	
Utility Gas Management	6,502.10	14.58%	5.89	97,732.94	95,441	2.34%	664,034	6.96	
Utility Gas Management	6,643.40	3.13%	5.17	104,590.70	102,085	2.40%	698,413	6.84	
Utility Gas Management	6,786.70	4.38%	5.36	111,688.02	108,872	2.52%	734,773	6.75	
Total	108,871.50	2.52%	6.75	111,688.02	108,871.50	2.52%	734,773	6.75	

[1] Losses are based on a 12

Meador, Wendy

From: Ron Ragan [UGM@kc.rr.com]
Sent: Wednesday, August 11, 2010 10:27 AM
To: Meador, Wendy
Subject: RE: estimated future prices

Here are the current projected future prices for natural gas for Oct 2010 – Dec 2010 based on NYMEX prices for settlement on 8/10/10.

OCT 2010 – \$4.304
NOV 2010 – \$4.555
DEC 2010 - \$4.817

Let me know if you need anything else anytime.

Sincerely,
Ron Ragan
Utility Gas Management
Cell (913) 515-2994
Office (913) 938-5260
Fax (913) 938-5261
Email - UGM@kc.rr.com
web - www.utilitygas.com

Handwritten calculation:
4.304
4.555
4.817

13.676 / 3
Average = 4.5587

From: Meador, Wendy [mailto:wendym@wrecc.com]
Sent: Wednesday, August 11, 2010 10:07 AM
To: Ron Ragan
Subject: estimated future prices

Ron,

I am once again working on my quarterly Gas Cost Adjustment for the PSC. These quarterly reports come around way to often.

So, I need the estimated future prices for natural gas for the period of October 2010 to December 2010.

Thanks

Wendy A Meador
Customer Service Representative
Warren RECC Franklin Office
& Millennium Energy, Inc.
698 Morgantown Rd
Franklin KY 42134
Ph. 270-586-3443 ext. 3004

8/11/2010