



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

May 15, 2012

RECEIVED

MAY 21 2012

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 Gas Cost Adjustment Report for quarter July 1, 2012 to September 30, 2012 .

Sincerely,

Wayne Goodrum
Manager

**QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION**

Date Filed: **1-Jun-12**

Date Rates to be Effective: **July 1, 2012 TO September 30, 2012**

Reporting Period is Calendar Quarter Ended: **February 1, 2012 TO April 30, 2012**

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 3.1107
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	(0.1979)
+ Balance Adjustment (BA)	\$/Mcf	<u>(0.0001)</u>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 2.9126

GCR to be effective for service rendered from: **07-01-12 TO 09-30-12**

A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	341,505.02
+ Sales for the 12 months ended 4/30/2012	Mcf	<u>109,785.30</u>
- Expected Gas Cost (EGC)	\$/Mcf	3.1107

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	\$ (0.0827)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0715)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0927)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>\$ 0.0490</u>
=Actual Adjustment (AA)	\$/Mcf	\$ (0.1979)

D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	\$ (0.000054)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.000066)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.000400
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<u>\$ (0.000400)</u>
=Balance Adjustment (BA)	\$/Mcf	\$ (0.0001)

SCHEDULE II
EXPECTED GAS COST

Appendix B
Page 3

Actual* Mcf Purchase for 12 months ended	04/30/12				
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Heat Rate</u>	<u>Mcf</u>	<u>Rate</u>	<u>(2) x (5) Cost</u>
May-11 Utility Gas Management	8,204.00	1.0170	8,066.86	2.9800	24,447.92
Jun-11 Utility Gas Management	7,556.00	1.0189	7,415.84	2.9800	22,516.88
Jul-11 Utility Gas Management	6,864.00	1.0148	6,763.89	2.9800	20,454.72
Aug-11 Utility Gas Management	6,312.00	1.0143	6,223.01	2.9800	18,809.76
Sep-11 Utility Gas Management	7,905.00	1.0110	7,818.99	2.9800	23,556.90
Oct-11 Utility Gas Management	8,861.00	1.0141	8,737.80	2.9800	26,405.78
Nov-11 Utility Gas Management	10,301.00	1.0135	10,163.79	2.9800	30,696.98
Dec-11 Utility Gas Management	12,174.00	1.0112	12,039.16	2.9800	36,278.52
Jan-12 Utility Gas Management	14,211.00	1.0113	14,052.21	2.9800	42,348.78
Feb-12 Utility Gas Management	12,709.00	1.0135	12,539.71	2.9800	37,872.82
Mar-12 Utility Gas Management	10,003.00	1.0114	9,889.96	2.9800	29,808.94
Apr-12 Utility Gas Management	9,499.00	1.0090	9,414.27	2.9800	28,307.02
Totals	114,599.00	1.0130	113,125.50	2.9800	341,505.02

Line losses are 2.95% for 12 months ended 4/30/2012 based on purchases of
 113,125.50 Mcf and sales of 109,785.30 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) (to Schedule IA.)	\$	\$ 341,505.02
Expected Mcf Purchases (4)	Mcf	<u>113,125.50</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 3.0188
Plus: Expected Losses of (not to exceed 5%)	Mcf	341,505.02
= Total Expected Gas Cost	\$	\$ 341,505.02

Allowable Sales (maximum losses of 5%). 341,505.02

*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 4/30/2012

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	\$ -
+ Interest	\$	\$ -
<hr/>		
= Refund Adjustment including interest	\$	\$ -
+ Sales for 12 months ended _ 4/30/2012	Mcf	109,785
<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 4/30/2012

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Feb-12</u>	Month 2 <u>Mar-12</u>	Month 3 <u>Apr-12</u>
Total Supply Volumes Purchased	Mcf	12,539.71	9,889.96	9,414.27
Utility Gas Management				
Total Cost of Volumes Purchased	\$	\$ 49,994.05	\$ 40,985.25	\$ 23,238.27
Total Sales	Mcf	<u>\$ 12,089.20</u>	<u>\$ 9,873.80</u>	<u>\$ 9,039.20</u>
(may not be less than 95% of supply volumes) (G8*0.95)				
= Unit Cost of Gas	\$/Mcf	\$ 4.1354	\$ 4.1509	\$ 2.5708
- EGC in effect for month	\$/Mcf	<u>\$ 4.2487</u>	<u>\$ 4.2487</u>	<u>\$ 3.3169</u>
= Difference [(Over-)/Under-Recovery]	\$/Mcf	\$ (0.1133)	\$ (0.0978)	\$ (0.7461)
x Actual sales during month	Mcf	<u>12,089.20</u>	<u>9,873.80</u>	<u>9,039.20</u>
= Monthly cost difference	\$	(1,369.33)	(965.56)	(6,743.85)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$ (9,078.75)
+ Sales for 12 months ended <u>4/30/2012</u>	Mcf	<u>109,785</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$ (0.0827)

SCHEDULE V
BALANCE ADJUSTMENT

Appendix B
Page 6

For the 3 month period ended 4/30/2012

Line	Particulars	Unit	Amount
	Utility Gas Management		
(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.		
1		\$	<u>(104.77)</u> Case No. 2011-00065
2 Less:	Dollars amount resulting from the AA of (0.0009) \$/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 109,785 MCF during the 12 month period the AA was in effect.		
3		\$	<u>(98.81)</u>
4 Equals:	Balance Adjustment for the AA.	\$	<u>(5.96)</u>
(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.		
5		\$	<u>-</u>
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 109,785 MCF during the 12 month period the RA was in effect.		
7		\$	<u>-</u>
8 Equals:	Balance Adjustment for the RA.	\$	<u>-</u>
(3)	Total Balance Adjustment used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.		
9		\$	<u>-</u>
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 109,785 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>-5.96</u>
14 Divided By:	Sales for 12 months ended 4/30/2012	\$	<u>109,785</u>
15 Equals:	Balance Adjustment for the Reporting Period (to Schedule ID).	\$/MCF	<u>(0.000054)</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 [1]

Line No	Wholesale Supplier	Month	Purchased Gas (@ Delivery Point)					Avg. Rate \$/mcf
			Amount (\$)	Quantity (decatherms)	Heat Rate (dt/mcf)	Quantity (mcf)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Utility Gas Management	May-11	39,153.24	8,204.00	1.0170	8,066.86	4.85	
2	Utility Gas Management	Jun-11	35,354.71	7,556.00	1.0189	7,415.84	4.77	
3	Utility Gas Management	Jul-11	32,051.96	6,864.00	1.0148	6,763.89	4.74	
4	Utility Gas Management	Aug-11	30,464.51	6,312.00	1.0143	6,223.01	4.90	
5	Utility Gas Management	Sep-11	33,575.70	7,905.00	1.0110	7,818.99	4.29	
6	Utility Gas Management	Oct-11	37,104.18	8,861.00	1.0141	8,737.80	4.25	
7	Utility Gas Management	Nov-11	45,320.28	10,301.00	1.0135	10,163.79	4.46	
8	Utility Gas Management	Dec-11	55,529.02	12,174.00	1.0112	12,039.16	4.61	
9	Utility Gas Management	Jan-12	60,090.37	14,211.00	1.0113	14,052.21	4.28	
10	Utility Gas Management	Feb-12	49,994.05	12,709.00	1.0135	12,539.71	3.99	
11	Utility Gas Management	Mar-12	40,985.25	10,003.00	1.0114	9,889.96	4.14	
12	Utility Gas Management	Apr-12	23,238.27	9,499.00	1.0090	9,414.27	2.47	
Total			482,861.54	114,599.00	1.0130	113,125.50	4.27	

[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 (mcf) (h)	Losses (%) (i)	Avg. Rate (\$/mcf) (j)	Purchases (mcf) (k)	Sales (mcf) (l)	Losses (%) (m)	Cost (\$) (n)	Rate (\$/mcf) (o)	
Utility Gas Management	7,682.40	4.77%	5.10	8,066.86	7,682	4.77%	39,153	5.10	
Utility Gas Management	7,254.90	2.17%	4.87	15,482.70	14,937	3.52%	74,508	4.99	
Utility Gas Management	6,569.60	2.87%	4.88	22,246.60	21,507	3.32%	106,560	4.95	
Utility Gas Management	6,074.60	2.38%	5.02	28,469.61	27,582	3.12%	137,024	4.97	
Utility Gas Management	8,062.00	-3.11%	4.16	36,288.60	35,644	1.78%	170,600	4.79	
Utility Gas Management	8,065.20	7.70%	4.60	45,026.40	43,709	2.93%	207,704	4.75	
Utility Gas Management	9,828.60	3.30%	4.61	55,190.19	53,537	2.99%	253,025	4.73	
Utility Gas Management	12,380.60	-2.84%	4.49	67,229.35	65,918	1.95%	308,554	4.68	
Utility Gas Management	12,865.20	8.45%	4.67	81,281.56	78,783	3.07%	368,644	4.68	
Utility Gas Management	12,089.20	3.59%	4.14	93,821.27	90,872	3.14%	418,638	4.61	
Utility Gas Management	9,873.80	0.16%	4.15	103,711.23	100,746	2.86%	459,623	4.56	
Utility Gas Management	9,039.20	3.98%	2.57	113,125.50	109,785	2.95%	482,862	4.40	
Total	109,785.30	2.95%	4.40	113,125.50	109,785.30	2.95%	482,862	4.40	

[1] Losses are based on :

Meador, Wendy

From: Ron Ragan <ron@utilitygas.com>
Sent: Monday, May 14, 2012 10:42 AM
To: Meador, Wendy
Subject: RE: estimated futures

July 2012 -- \$2.64
Aug 2012 -- \$2.71
Sep 2012 - \$2.73

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

Handwritten calculations:
$$\begin{array}{r} 2.64 \\ 2.71 \\ 2.73 \\ \hline 8.08 \end{array} \div 3 = \$ \text{average } 2.69$$

$$\begin{array}{r} 2.69 \\ .08 \text{ management fee} \\ \hline 2.98 \end{array}$$

$$\begin{array}{r} 2.98 \\ .21 \text{ transportation fee} \\ \hline \end{array}$$

Supplier fees

From: Meador, Wendy [<mailto:wendym@wrecc.com>]
Sent: Monday, May 14, 2012 10:23 AM
To: ron@utilitygas.com
Subject: estimated futures

Ron,

I am working on our new Gas Cost Adjustment Report for the PSC. I need the estimated futures price for the quarter of July 1, 2012 thru September 30, 2012.

Thanks.

Wendy A Meador
Warren RECC & Millennium Energy, Inc
Customer Service Representative
698 Morgantown Rd
Franklin KY 42134
PH: 270-586-3443 ext. 3004
FX: 270-393-2615

Notice: The information contained in this electronic mail transmission, including attachments, is privileged, confidential, and intended only for the use of the individual(s) or entity named above. If you have received this communication in error please delete it from your system without copying or forwarding it and notify the sender of the error by reply e-mail or by calling Warren Rural Electric Cooperative Corporation (WRECC) at (270) 842-6541, so that our records can be corrected. WRECC accepts no liability for any damage caused by this e-mail. Each recipient should check this e-mail and any attachments for the presence of malicious content, such as viruses, worms, and trojans.