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AUG 24 2015

PUBLIC SERVICE  
COMMISSION

2015-292

August 21, 2015

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 the quarter of October 1, 2015 to December 31, 2015.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melissa Watson", with a long horizontal flourish extending to the right.

Melissa Watson  
Manager

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

Date Filed: **1-Sep-15**

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Date Rates to be Effective: **October 1, 2015 To December 31, 2015**

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Reporting Period is Calendar Quarter Ended: **May 1, 2015 To July 31, 2015**

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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      | 3.6994        |
| + Refund Adjustment (RA)              | \$/Mcf      | -             |
| + Actual Adjustment (AA)              | \$/Mcf      | (0.0871)      |
| + Balance Adjustment (BA)             | \$/Mcf      | (0.0944)      |
| <u>= Gas Cost Recovery Rate (GCR)</u> | \$/Mcf      | <u>3.5179</u> |

GCR to be effective for service rendered from: **10-01-15 to 12-31-15**

| A. <u>EXPECTED GAS COST CALCULATION</u>   | <u>Unit</u> | <u>Amount</u>     |
|---|-------------|-------------------|
| Total Expected Gas Cost (Schedule II)     | \$          | 428,164.80        |
| + Sales for the 12 months ended 7/31/2015 | Mcf         | <u>115,738.30</u> |
| <u>- Expected Gas Cost (EGC)</u>          | \$/Mcf      | <u>3.6994</u>     |

| 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>   |
| <u>= Refund Adjustment (RA)</u>                            | \$/Mcf      | \$ -          |

| C. <u>ACTUAL ADJUSTMENT CALCULATION</u>                  | <u>Unit</u> | <u>Amount</u>      |
|--|-------------|--------------------|
| Actual Adjustment for the Reporting Period (Schedule IV) | \$/Mcf      | \$ (0.0273)        |
| + Previous Quarter Reported Actual Adjustment            | \$/Mcf      | \$ (0.0977)        |
| + Second Previous Quarter Reported Actual Adjustment     | \$/Mcf      | \$ 0.0852          |
| + Third Previous Quarter Reported Actual Adjustment      | \$/Mcf      | <u>\$ (0.0473)</u> |
| <u>=Actual Adjustment (AA)</u>                           | \$/Mcf      | \$ (0.0871)        |

| D. <u>BALANCE ADJUSTMENT CALCULATION</u>                 | <u>Unit</u> | <u>Amount</u>        |
|--|-------------|----------------------|
| Balance Adjustment for the Reporting Period (Schedule V) | \$/Mcf      | \$ (0.084961)        |
| + Previous Quarter Reported Balance Adjustment           | \$/Mcf      | \$ (0.011619)        |
| + Second Previous Quarter Reported Balance Adjustment    | \$/Mcf      | \$ 0.002589          |
| + Third Previous Quarter Reported Balance Adjustment     | \$/Mcf      | <u>\$ (0.000401)</u> |
| <u>=Balance Adjustment (BA)</u>                          | \$/Mcf      | \$ (0.0944)          |

SCHEDULE II  
EXPECTED GAS COST

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Actual\* Mcf Purchase for 12 months ended

07/31/15

|        | (1)                    | (2)        | (3)       | (4)        | (5)    | (6)            |
|--------|------------------------|------------|-----------|------------|--------|----------------|
|        | Supplier               | Dth        | Heat Rate | Mcf        | Rate   | (2) x (5) Cost |
| Aug-14 | Utility Gas Management | 7,324.00   | 1.0601    | 6,908.78   | 3.3600 | 24,608.64      |
| Sep-14 | Utility Gas Management | 7,423.00   | 1.0647    | 6,972.05   | 3.3600 | 24,941.28      |
| Oct-14 | Utility Gas Management | 8,760.00   | 1.0708    | 8,181.01   | 3.3600 | 29,433.60      |
| Nov-14 | Utility Gas Management | 11,067.00  | 1.0622    | 10,419.00  | 3.3600 | 37,185.12      |
| Dec-14 | Utility Gas Management | 13,622.00  | 1.0645    | 12,797.00  | 3.3600 | 45,769.92      |
| Jan-15 | Utility Gas Management | 15,597.00  | 1.0615    | 14,694.00  | 3.3600 | 52,405.92      |
| Feb-15 | Utility Gas Management | 15,537.00  | 1.0656    | 14,581.00  | 3.3600 | 52,204.32      |
| Mar-15 | Utility Gas Management | 13,148.00  | 1.0678    | 12,312.99  | 3.3600 | 44,177.28      |
| Apr-15 | Utility Gas Management | 9,717.00   | 1.0709    | 9,074.00   | 3.3600 | 32,649.12      |
| May-15 | Utility Gas Management | 8,793.00   | 1.0713    | 8,208.00   | 3.3600 | 29,544.48      |
| Jun-15 | Utility Gas Management | 8,063.00   | 1.0663    | 7,562.00   | 3.3600 | 27,091.68      |
| Jul-15 | Utility Gas Management | 8,379.00   | 1.0664    | 7,857.00   | 3.3600 | 28,153.44      |
| Totals |                        | 127,430.00 | 1.0658    | 119,566.82 | 3.3600 | 428,164.80     |

Line losses are 3.20% for 12 months ended 7/31/2015 based on purchases of 119,566.82 Mcf and sales of 115,738.30 Mcf.

|  | Unit                             | Amount        |
|--|----------------------------------|---------------|
| Total Expected Cost of Purchases (6) (to Schedule IA.) | \$                               | \$ 428,164.80 |
| Expected Mcf Purchases (4)                             | Mcf                              | 119,566.82    |
| = Average Expected Cost Per Mcf Purchased              | \$/Mcf                           | \$ 3.5810     |
| Plus: Expected Losses of (not to exceed 5%)            | (D26/0.95) if line loss > 5% Mcf | 428,164.80    |
| = Total Expected Gas Cost                              | (J32*J33 if line loss) \$        | \$ 428,164.80 |

Allowable Sales (maximum losses of 5%).

428,164.80

\*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 7/31/2015

| <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>7/31/2015</u>                              | Mcf         | <u>115,738</u> |
| <hr/>   |             |                |
| =Supplier Refund Adjustment for the Reporting Period<br>(to Schedule IB.) | \$/Mcf      | \$ -           |

SCHEDULE IV  
ACTUAL ADJUSTMENT

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For the 3 month period ended 7/31/2015

| Particulars   | Unit       | Month 1<br><u>May-15</u> | Month 2<br><u>Jun-15</u> | Month 3<br><u>Jul-15</u> |
|---|------------|--------------------------|--------------------------|--------------------------|
| Total Supply Volumes Purchased                                    | Mcf        | 8,208.00                 | 7,562.00                 | 7,857.00                 |
| Utility Gas Management  |            |                          |                          |                          |
| Total Cost of Volumes Purchased                                   | \$         | \$ 24,343.78             | \$ 24,578.46             | \$ 25,182.38             |
| <br>Total Sales   | <br>Mcf    | <br><u>7,968.00</u>      | <br><u>7,373.40</u>      | <br><u>7,464.15</u>      |
| (may not be less than 95% of<br>supply volumes) (G8*0.95)         |            |                          |                          |                          |
| = Unit Cost of Gas  | \$/Mcf     | \$ 3.0552                | \$ 3.3334                | \$ 3.3738                |
| <br>- EGC in effect for month                                     | <br>\$/Mcf | <br><u>\$ 3.3482</u>     | <br><u>\$ 3.3482</u>     | <br><u>\$ 3.4715</u>     |
| <br>= Difference<br>[ (Over-)/Under-Recovery]                     | <br>\$/Mcf | <br>\$ (0.2930)          | <br>\$ (0.0148)          | <br>\$ (0.0977)          |
| <br>x Actual sales during month                                   | <br>Mcf    | <br><u>7,968.00</u>      | <br><u>7,373.40</u>      | <br><u>7,369.20</u>      |
| <br>= Monthly cost difference                                     | <br>\$     | <br>(2,334.68)           | <br>(109.16)             | <br>(720.13)             |
| <br><br>  |            |                          |                          |                          |
| Total cost difference (Month 1 + Month 2 + Month 3)               | Unit       |                          | Amount                   |                          |
|   | \$         |                          | \$ (3,163.96)            |                          |
| + Sales for 12 months ended <u>7/31/2015</u>                      | Mcf        |                          | <u>115,738</u>           |                          |
| = Actual Adjustment for the Reporting Period<br>(to Schedule IC.) | \$/Mcf     |                          | \$ (0.0273)              |                          |

SCHEDULE V  
BALANCE ADJUSTMENT

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For the 3 month period ended 7/31/2015

| 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>164,225.63</u> Case No. 2014-00169 |
| 2 Less:        | Dollars amount resulting from the AA of <u>1.5039</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>115,738</u> MCF during the 12 month period the AA was in effect. |        |                                       |
| 3              |   | \$     | <u>174,058.83</u>                     |
| 4 Equals:      | Balance Adjustment for the AA.  | \$     | <u>(9,833.20)</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 <u>-</u> \$/MCF as used to compute the OCR in effect four quarters prior to the effective GCR times the sales of <u>115,738</u> 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 <u>-</u> \$/MCF four quarters prior to the effective date of the currently effective GCR times the sales of <u>115,738</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>-9833.20</u>                       |
| 14 Divided By: | Sales for 12 months ended <span style="margin-left: 50px;">7/31/2015</span>   | \$     | <u>115,738</u>                        |
| 15 Equals:     | Balance Adjustment for the Reporting Period (to Schedule ID).   | \$/MCF | <u>(0.084961)</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 9-1-15 DATE EFFECTIVE 10-1-15 to 12-31-15  
MONTH DAY YEAR

SIGNED BY:  Manager  
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**

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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 9-1-15 DATE EFFECTIVE 10-1-15 TO 12-31-15  
MONTH DAY YEAR

SIGNED BY: [Signature] Manager  
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            | Utility Gas Management | Aug-14                           | 30,212.69         | 7,324.00              | 1.0601             | 6,908.78          | 4.37               |
| 2            | Utility Gas Management | Sep-14                           | 31,269.25         | 7,423.00              | 1.0647             | 6,972.05          | 4.48               |
| 3            | Utility Gas Management | Oct-14                           | 36,652.62         | 8,760.00              | 1.0708             | 8,181.01          | 4.48               |
| 4            | Utility Gas Management | Nov-14                           | 46,666.70         | 11,067.00             | 1.0622             | 10,419.00         | 4.48               |
| 5            | Utility Gas Management | Dec-14                           | 71,168.33         | 13,622.00             | 1.0645             | 12,797.00         | 5.56               |
| 6            | Utility Gas Management | Jan-15                           | 59,972.88         | 15,597.00             | 1.0615             | 14,694.00         | 4.08               |
| 7            | Utility Gas Management | Feb-15                           | 66,236.51         | 15,537.00             | 1.0656             | 14,581.00         | 4.54               |
| 8            | Utility Gas Management | Mar-15                           | 46,651.21         | 13,148.00             | 1.0678             | 12,312.99         | 3.79               |
| 9            | Utility Gas Management | Apr-15                           | 27,891.29         | 9,717.00              | 1.0709             | 9,074.00          | 3.07               |
| 10           | Utility Gas Management | May-15                           | 24,343.78         | 8,793.00              | 1.0713             | 8,208.00          | 2.97               |
| 11           | Utility Gas Management | Jun-15                           | 24,578.46         | 8,063.00              | 1.0663             | 7,562.00          | 3.25               |
| 12           | Utility Gas Management | Jul-15                           | 25,182.38         | 8,379.00              | 1.0664             | 7,857.00          | 3.21               |
| <b>Total</b> |                        |                                  | <b>490,826.10</b> | <b>127,430.00</b>     | <b>1.0658</b>      | <b>119,566.82</b> | <b>4.11</b>        |

[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)             | (%)          | (\$/mcF)    | (mcF)                | (mcF)             | (%)          | (\$)           | (\$/mcF)    |
| (h)                    | (i)               | (j)          | (k)         | (l)                  | (m)               | (n)          | (o)            | (o)         |
| Utility Gas Management | 6,807.90          | 1.46%        | 4.44        | 6,908.78             | 6,808             | 1.46%        | 30,213         | 4.44        |
| Utility Gas Management | 6,731.60          | 3.45%        | 4.65        | 13,880.83            | 13,540            | 2.46%        | 61,482         | 4.54        |
| Utility Gas Management | 8,141.00          | 0.49%        | 4.50        | 22,061.84            | 21,681            | 1.73%        | 98,135         | 4.53        |
| Utility Gas Management | 10,361.60         | 0.55%        | 4.50        | 32,480.84            | 32,042            | 1.35%        | 144,801        | 4.52        |
| Utility Gas Management | 12,275.70         | 4.07%        | 5.80        | 45,277.84            | 44,318            | 2.12%        | 215,970        | 4.87        |
| Utility Gas Management | 14,078.70         | 4.19%        | 4.26        | 59,971.83            | 58,397            | 2.63%        | 275,942        | 4.73        |
| Utility Gas Management | 14,444.10         | 0.94%        | 4.59        | 74,552.83            | 72,841            | 2.30%        | 342,179        | 4.70        |
| Utility Gas Management | 11,375.10         | 7.62%        | 4.10        | 86,865.83            | 84,216            | 3.05%        | 388,830        | 4.62        |
| Utility Gas Management | 8,812.00          | 2.89%        | 3.17        | 95,939.82            | 93,028            | 3.04%        | 416,721        | 4.48        |
| Utility Gas Management | 7,968.00          | 2.92%        | 3.06        | 104,147.82           | 100,996           | 3.03%        | 441,065        | 4.37        |
| Utility Gas Management | 7,373.40          | 2.49%        | 3.33        | 111,709.83           | 108,369           | 2.99%        | 465,644        | 4.30        |
| Utility Gas Management | 7,369.20          | 6.21%        | 3.42        | 119,566.82           | 115,738           | 3.20%        | 490,826        | 4.24        |
| <b>Total</b>           | <b>115,738.30</b> | <b>3.20%</b> | <b>4.24</b> | <b>119,566.82</b>    | <b>115,738.30</b> | <b>3.20%</b> | <b>490,826</b> | <b>4.24</b> |

[1] Losses are based on :

**Meador, Wendy**

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**From:** Ron Ragan <ron@utilitygas.com>  
**Sent:** Wednesday, August 12, 2015 1:39 PM  
**To:** Meador, Wendy  
**Subject:** Re: nymex estimates

\$2.95 Oct  
\$3.06 Nov  
\$3.19 Dec

Ron Ragan  
Utility Gas Management  
[Ron@utilitygas.com](mailto:Ron@utilitygas.com)  
(913) 515-2994

2.95 Oct 2015

3.06 Nov 2015

3.19 Dec 2015

---

9.20

$9.20/3 = \$3.07$

On Aug 12, 2015, at 12:00 PM, Meador, Wendy <[wendym@wrecc.com](mailto:wendym@wrecc.com)> wrote:

Ron

I am working on our Gas Cost Adjustment for the KY PSC; I need the natural gas estimated futures for the quarter of October, November and December 2015.

Thanks

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

$\$3.07$  quarter average  
.08 management fee  
.21 transport fee } suppliers' fees to us  

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 $\$3.36$

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