

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF KENTUCKY FRONTIER)
GAS, LLC D/B/A PEOPLE'S GAS, INC.) CASE NO. 2010-00389

ORDER

On January 29, 2010, in Case No. 2009-00492, the Commission approved the transfer of People's Gas, Inc. ("People's") to Kentucky Frontier Gas, LLC ("Kentucky Frontier") and provided for the adjustment of rates on a quarterly basis in accordance with People's Gas Cost Adjustment ("GCA") clause, which Kentucky Frontier adopted and ratified as ordered in paragraph 5 of the Commission's Order approving the transfer.¹

On October 1, 2010, People's filed its GCA to be effective November 1, 2010.

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

1. People's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. People's notice sets out an Expected Gas Cost ("EGC") of \$8.1373 per Mcf, which represents no change from its previous EGC.
3. People's notice sets out no current quarter Refund Adjustment.

¹ Case No. 2009-00492, Application of Kentucky Frontier Gas Company, LLC for Approval of Transfer of People's Gas Company Assets (Ky. PSC Jan. 29, 2010).

4. People's notice sets out a current quarter Actual Adjustment ("AA") in the amount of (\$.0273) per Mcf. People's did not use the "EGC in effect for month" of \$5.4145 approved for rates effective February 1, 2010 in Case No. 2009-00498² and still in effect May through July 2010 in calculating the cost differences for those months. Correcting this produces a current quarter AA of \$.1046 per Mcf. People's total AA of (\$1.5170) per Mcf is an increase of \$.1579 per Mcf from its previous total AA of (\$1.6749) per Mcf.

5. People's notice proposes no current quarter Balance Adjustment ("BA"). A BA is required to reconcile collections from a previous quarter AA of \$.5053 per Mcf which expired from People's rates on July 31, 2010. People's current quarter BA should be \$.0110 per Mcf. People's total BA of (\$.1202) per Mcf represents an increase of \$.0110 per Mcf from its previous total BA of (\$.1312) per Mcf.

6. People's GCA is \$6.5001 per Mcf, which is an increase of \$.1689 per Mcf from its previous GCA of \$6.3312 per Mcf.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by People's on and after November 1, 2010.

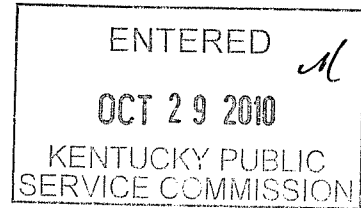
IT IS THEREFORE ORDERED that:

1. The rates proposed by People's are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after November 1, 2010.

² Case No. 2009-00498, Purchased Gas Adjustment Filing of People's Gas, Inc. (Ky. PSC Jan. 13, 2010).

3. Within 20 days of the date of this Order, People's shall file its revised tariffs with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NOS. 2010-00389 DATED OCT 29 2010

The following rates and charges are prescribed for the customers in the area served by People's Gas, Inc. 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 date of this Order.

Monthly:

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$4.3971	\$ 6.5001	\$10.8972
Over 1 Mcf	\$2.7670	\$ 6.5001	\$ 9.2671

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