

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT     )  
FILING OF KENTUCKY FRONTIER    )     CASE NO. 2010-00522  
GAS, LLC D/B/A PEOPLE'S GAS, INC. )

ORDER

On January 29, 2010, in Case No. 2009-00492, the Commission approved Kentucky Frontier Gas, LLC's ("Kentucky Frontier") acquisition of the assets of People's Gas, Inc. ("People's").<sup>1</sup> Upon completion of the acquisition, Kentucky Frontier adopted the tariff of People's, which included a Gas Cost Adjustment ("GCA") clause that provided for the adjustment of rates on a quarterly basis to reflect changes in the cost of purchased natural gas. On December 29, 2010, Kentucky Frontier, doing business as People's, filed its GCA to be effective February 1, 2011.

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 \$8.1822 per Mcf, which represents an increase of \$.0449 per Mcf from its previous EGC of \$8.1373 per Mcf.

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<sup>1</sup> 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).

3. People's notice sets out no current quarter Refund Adjustment.

4. People's notice sets out a current quarter Actual Adjustment ("AA") in the amount of \$.1488 per Mcf. People's did not use the correct "EGC in effect for month" in calculating the cost differences for August, September, and October. People's also provided the Commission with corrected monthly sales volumes for these months. These revisions produce a current quarter AA of \$.0747 per Mcf. People's total AA of (\$1.1891) per Mcf is an increase of \$.3279 per Mcf from its previous total AA of (\$1.5170) 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 (\$.0533) per Mcf which expired from People's rates on October 31, 2010. People's current quarter BA should be (\$.0024) per Mcf. People's total BA of (\$.1226) per Mcf represents a decrease of \$.0024 per Mcf from its previous total BA of (\$.1202) per Mcf.

6. People's GCA is \$6.8705 per Mcf, which is an increase of \$.3704 per Mcf from its previous GCA of \$6.5001 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 February 1, 2011.

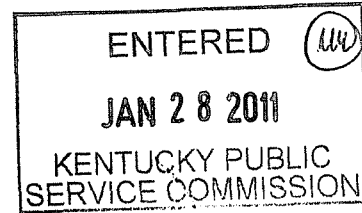
IT IS THEREFORE ORDERED that:

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 February 1, 2011.

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

By the Commission



ATTEST

  
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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NOS. 2010-00522 DATED JAN 28 2011

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>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$ 4.3971	\$ 6.8705	\$ 11.2676
Over 1 Mcf	\$ 2.7670	\$ 6.8705	\$ 9.6375

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