



March 29, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: Gas Cost Adjustment
Kentucky Frontier Gas, LLC
dba People's Gas, Inc.
Case No. 2011-_____

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC dba, People's Gas, Inc., we are filing for Gas Cost Adjustment for the period May 1, 2011 to July 31, 2011. EGC is based on Columbia Gas IUS rate approved in Case No. 2011-00033.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba PEOPLE'S GAS, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosures

RECEIVED

MAR 31 2011

PUBLIC SERVICE
COMMISSION

Company Name

Peoples Gas, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: March 29, 2001

Date Rates to be Effective: May 1, 2011

Reporting Period Ending: January 31, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | | <u>Amount</u> |
|--------------------------------|-------------|----|---------------|
| Expected Gas Cost (EGC) | \$/Mcf | \$ | 6.1908 |
| + Refund Adjustment (RA) | \$/Mcf | \$ | - |
| + Actual Adjustment (AA) | \$/Mcf | \$ | (1.0826) |
| + Balance Adjustment (BA) | \$/Mcf | \$ | (0.0877) |
| = Gas Cost Recovery Rate (GCR) | | \$ | 5.0205 |

GCR to be effective for service rendered from May 1, 2011 to July 31, 2011

| A | <u>EXPECTED GAS COST CALCULATION</u> | <u>Unit</u> | | <u>Amount</u> |
|---|--|-------------|----|---------------|
| | Total Expected Gas Cost (Schedule II) | \$ | \$ | 54,058.43 |
| / | Sales for the 12 months ended <u>January 31, 2011</u> | Mcf | | 8,732 |
| = | Expected Gas Cost (EGC) | \$/Mcf | \$ | 6.1908 |
| B | <u>REFUND ADJUSTMENT CALCULATION</u> | <u>Unit</u> | | <u>Amount</u> |
| | Supplier Refund Adjustment for Reporting Period (Sch. III) | | \$ | - |
| + | Previous Quarter Supplier Refund Adjustment | \$/Mcf | \$ | - |
| + | Second Previous Quarter Supplier Refund Adjustment | \$/Mcf | \$ | - |
| + | Third Previous Quarter Supplier Refund Adjustment | \$/Mcf | \$ | - |
| = | Refund Adjustment (RA) | \$/Mcf | \$ | - |
| C | <u>ACTUAL ADJUSTMENT CALCULATION</u> | <u>Unit</u> | | <u>Amount</u> |
| | Actual Adjustment for the Reporting Period (Sch. IV) | \$/Mcf | \$ | 0.1065 |
| + | Previous Quarter Reported Actual Adjustment | \$/Mcf | \$ | 0.0747 |
| + | Second Previous Quarter Reported Actual Adjustment | \$/Mcf | \$ | 0.1046 |
| + | Third Previous Quarter Reported Actual Adjustment | \$/Mcf | \$ | (1.3684) |
| = | Actual Adjustment (AA) | \$/Mcf | \$ | (1.0826) |
| D | <u>BALANCE ADJUSTMENT CALCULATION</u> | <u>Unit</u> | | <u>Amount</u> |
| | Balance Adjustment for the Reporting Period (Sch. V) | \$/Mcf | \$ | (0.0399) |
| + | Previous Quarter Reported Balance Adjustment | \$/Mcf | \$ | (0.0024) |
| + | Second Previous Quarter Reported Balance Adjustment | \$/Mcf | \$ | 0.0110 |
| + | Third Previous Quarter Reported Balance Adjustment | \$/Mcf | \$ | (0.0564) |
| = | Balance Adjustment (BA) | \$/Mcf | \$ | (0.0877) |

Peoples Gas, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual *MCF Purchases for 12 months ended January 31, 2011

| (1) Supplier | (2) Dth | (3) BTU Factor | (4) Mcf | (5)** Rate | (6) (4) x (5) Cost |
|--------------------|------------|----------------------|------------|---------------|--------------------------|
| Columbia Gas of KY | | | 12,760 | \$ 5.8813 | \$ 75,045.39 |
| | | | | | \$ - |
| Totals | | | 12,760 | | \$ 75,045.39 |

Line loss for 12 months ended January, 2011 based on purchases of 12,760
and sales of 8,732 = 31.57%

| | Unit | Amount |
|---|--------|--------------|
| Total Expected Cost of Purchases (6) | \$ | \$ 75,045.39 |
| / Mcf Purchases (4) | Mcf | 12,760 |
| = Average Expected Cost Per Mcf Purchased | \$/Mcf | \$ 5.8813 |
| x Allowable Mcf Purchases (must not exceed Mcf sales / .95) | Mcf | 9,192 |
| = Total Expected Gas Cost (to Schedule 1A) | \$ | \$ 54,058.43 |

*

** Columbia Gas IUS rate - Case No. 2011-00033

Peoples Gas, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending January 31, 2011

| <u>Particulars</u> | <u>Unit</u> | <u>Month 1</u> | <u>Month 2</u> | <u>Month 3</u> |
|--|-------------|----------------|----------------|----------------|
| | | <u>Nov-10</u> | <u>Dec-10</u> | <u>Jan-11</u> |
| Total Supply Volumes Purchased | Mcf | 643 | 2,301 | 2,347 |
| Total Cost of Volumes Purchased | \$ | \$ 5,114 | \$ 18,302 | \$ 18,674 |
| (divide by) Total Sales (not less than 95% of supply) | Mcf | 612 | 2,186 | 2,230 |
| (equals) Unit Cost of Gas | \$/Mcf | \$ 8.3562 | \$ 8.3726 | \$ 8.3753 |
| (minus) EGC in effect for month | \$/Mcf | \$ 8.1373 | \$ 8.1373 | \$ 8.1373 |
| (equals) Difference | \$/Mcf | \$ 0.2189 | \$ 0.2353 | \$ 0.2380 |
| (times) Actual sales during month | Mcf | 612 | 1,854 | 1,510 |
| (equals) Monthly cost difference | \$ | \$ 133.97 | \$ 436.17 | \$ 359.39 |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total cost difference | \$ | \$ 929.53 |
| (divide by) Sales for 12 Months ended <u>January 31, 2011</u> | Mcf | 8,732 |
| (equals) Actual Adjustment for the Reporting Period | | \$ 0.1065 |
| (plus) Over-recovery component from collections through expired AAs | | \$ - |
| (equals) Total Actual Adjustment for the Reporting Period (to Schedule I C) | | \$ 0.1065 |

BALANCE ADJUSTMENT

For the 3 month p January 31, 2011

| Particulars | | Amount |
|--|-------------------------|------------|
| (1) Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | | (\$2,559) |
| Less: Dollar amount resulting from the AA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 13 month period the AA was in effect | (\$0.2532) 8,732 | -\$2,211 |
| Equals: Balance Adjustment of the AA | | (\$348) |
| (2) Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | | \$0 |
| Less: Dollar amount resulting from the RA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 12 month period the RA was in effect | \$0.0000 | \$0 |
| Equals: Balance Adjustment of the RA | | \$0 |
| (3) Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR | | |
| Less: Dollar amount resulting from the BA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 13 month period the BA was in effect | 11397 | \$0 |
| Equals: Balance Adjustment of the BA | | \$0 |
| Total Balance Adjustment Amount (1) + (2) + (3) | | (\$348) |
| Divide: Mcf Sales for 12 months ended | 8,732 | 0 |
| Equals: Balance Adjustment for the reporting period (to Schedule I, part D) | | (\$0.0399) |