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MAR 29 2012

PUBLIC SERVICE
COMMISSION

March 29, 2012

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.

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, 2012 to July 31, 2012. EGC is based on Columbia Gas IUS rate approved on February 29, 2012.

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

Company Name

Peoples Gas, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: March 29, 2012

Date Rates to be Effective: May 1, 2012

Reporting Period Ending: January 31, 2012

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.7641
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ 0.4254
+	Balance Adjustment (BA)	\$/Mcf	\$ -
=	Gas Cost Recovery Rate (GCR)		\$ 7.1895

GCR to be effective for service rendered from May 1, 2012 to July 31, 2012

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 58,104
/	Sales for the 12 months ended <u>January 31, 2012</u>	Mcf	8,590
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.7641
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	\$ 0.1264
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0727
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1384
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0879
=	Actual Adjustment (AA)	\$/Mcf	\$ 0.4254
D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ -
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ -
=	Balance Adjustment (BA)	\$/Mcf	\$ -

Peoples Gas, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual *MCF Purchases for 12 months ended January 31, 2012

(1) Supplier	(2) Dth	(3) BTU Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia Gas of KY			10,556	\$ 6.4259	\$ 67,832
					\$ -
Totals			10,556		\$ 67,832

Line loss for 12 months ended January 31, 2012 based on purchases of 10,556
and sales of 8,590 = 18.62%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 67,832
/ Mcf Purchases (4)	Mcf	10,556
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.4259
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	9,042
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 58,104

*

** Columbia Gas IUS rate approved February 29, 2012

Peoples Gas, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending Jan 31, 2012

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>
Total Supply Volumes Purchased	Mcf	1,025	1,669	1,149
Total Cost of Volumes Purchased	\$	\$ 7,243	\$ 12,063	\$ 7,998
(divide by) Total Sales (not less than 95% of supply)	Mcf	974	1,586	1,264
(equals) Unit Cost of Gas	\$/Mcf	\$ 7.4383	\$ 7.6081	\$ 6.3275
(minus) EGC in effect for month	\$/Mcf	\$ 6.7545	\$ 6.7545	\$ 6.7545
(equals) Difference	\$/Mcf	\$ 0.6838	\$ 0.8536	\$ (0.4270)
(times) Actual sales during month	Mcf	852	1,222	1,264
(equals) Monthly cost difference	\$	\$ 582.56	\$ 1,043.08	\$ (539.69)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ 1,085.95
(divide by) Sales for 12 Months ended <u>Jan 31, 2012</u>	Mcf	8,590
(equals) Actual Adjustment for the Reporting Period		\$ 0.1264
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.1264