



September 27, 2012

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

RECEIVED

SEP 28 2012

PUBLIC SERVICE
COMMISSION

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 commencing November 1, 2012. EGC is based on Columbia Gas IUS rate approved in Case No. 2012-00353.

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: September 27, 2012

Date Rates to be Effective: November 1, 2012

Reporting Period Ending: July 31, 2012

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 4.5483
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.7832)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		\$ 3.7651

GCR to be effective for service rendered from: 11/1/12 to 1/31/13

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 32,229
/	Sales for the 12 months ended <u>July 31, 2012</u>	Mcf	7,086
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.5483
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	\$ 0.0003
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.9826)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1264
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0727
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.7832)
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: July 31, 2012

(1) Supplier	(2) Dth	(3) BTU Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia Gas of KY			8,344	\$4.3209	\$36,053.59
Totals			8,344		\$36,053.59

Line loss 12 months ended July 31, 2012 on purchases of 8,344
and sales of 7,086 = 15%

Total Expected Cost of Purchases (6)	<u>Unit</u>	<u>Amount</u>
/ Mcf Purchases (4)	\$	\$36,054
= Average Expected Cost Per Mcf Purchased	Mcf	8,344
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	\$/Mcf	\$4.3209
= Total Expected Gas Cost (to Schedule 1A)	Mcf	7,459
	\$	\$32,229

*

** Columbia Gas IUS rate effective August 28, 2012 Case No. 2012-00353

Peoples Gas, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending:

July 31, 2012

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 May-12</u>	<u>Month 2 Jun-12</u>	<u>Month 3 Jul-12</u>
Total Supply Volumes Purchased	Mcf	340	340	361
Total Cost of Volumes Purchased	\$	\$2,553	\$2,034	\$2,224
(divide by) Total Sales (not less than 95% of supply)	Mcf	323	323	343
(equals) Unit Cost of Gas	\$/Mcf	\$7.9040	\$6.2972	\$6.4849
(minus) EGC in effect for month	\$/Mcf	\$6.7641	\$6.7641	\$6.7641
(equals) Difference	\$/Mcf	\$1.1399	(\$0.4669)	(\$0.2792)
(times) Actual sales during month	Mcf	165	320	132
(equals) Monthly cost difference	\$	\$188.09	-\$149.40	-\$36.85

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$1.83
(divide by) Sales for 12 Months ended: <u>July 31, 2012</u>	Mcf	7,086
(equals) Actual Adjustment for the Reporting Period		\$0.0003
(plus) Over-recovery component from collections through expired AAs		\$0.0000
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$0.0003