



December 28, 2010

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

**RECEIVED**

DEC 29 2010

**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 February 1, 2011 to April 30, 2011. EGC is based on Columbia Gas IUS rate approved in Case No. 2010-00424.

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: December 28, 2010

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Date Rates to be Effective: February 1, 2011

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Reporting Period Ending: October 31, 2010

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## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 8.1822
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ (1.1150)
+	Balance Adjustment (BA)	\$/Mcf	\$ (0.1202)
=	Gas Cost Recovery Rate (GCR)		\$ 6.94703

GCR to be effective for service rendered from February 1, 2011 to April 30, 2011

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 81,404.81
/	Sales for the 12 months ended <u>October 31, 2010</u>	Mcf	9,949
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 8.18221
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	\$ 0.1488
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1046
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (1.3684)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
=	Actual Adjustment (AA)	\$/Mcf	\$ (1.1150)
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	\$ 0.0110
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0564)
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0748)
=	Balance Adjustment (BA)	\$/Mcf	\$ (0.1202)

Peoples Gas, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual \*MCF Purchases for 12 months ended October 31, 2010

(1) Supplier	(2) Dth	(3) BTU Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia Gas of KY			12,385	\$ 7.7731	\$ 96,269.84
					\$ -
Totals			12,385		\$ 96,269.84

Line loss for 12 months ended October, 2010 based on purchases of 12,385  
and sales of 9,949 = 19.67%

Total Expected Cost of Purchases (6)	Unit	Amount
/ Mcf Purchases (4)	\$	\$ 96,269.84
= Average Expected Cost Per Mcf Purchased	Mcf	12,385
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	\$/Mcf	\$ 7.7731
= Total Expected Gas Cost (to Schedule 1A)	Mcf	10,473
	\$	\$ 81,404.81

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\*\* Columbia Gas IUS rate - Case No. 2010-00424

**Peoples Gas, Inc.**

Schedule IV  
Actual Adjustment

For the 3 month period ending October 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>
Total Supply Volumes Purchased	Mcf	503	524	718
Total Cost of Volumes Purchased	\$	\$ 3,322	\$ 4,918	\$ 6,132
(divide by) Total Sales (not less than 95% of supply)	Mcf	478	498	682
(equals) Unit Cost of Gas	\$/Mcf	\$ 6.9520	\$ 9.8795	\$ 8.9899
(minus) EGC in effect for month	\$/Mcf	\$ 5.4145	\$ 5.4145	\$ 5.4145
(equals) Difference	\$/Mcf	\$ 1.5375	\$ 4.4650	\$ 3.5754
(times) Actual sales during month	Mcf	214	145	141
(equals) Monthly cost difference	\$	\$ 329.02	\$ 647.42	\$ 504.13

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ 1,480.57
(divide by) Sales for 12 Months ended <u>October 31, 2010</u>	Mcf	9,949
(equals) Actual Adjustment for the Reporting Period		\$ 0.1488
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.1488