

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE S)	CASE NO. 2001-027-B
GAS, INC.)	

ORDER

On April 30, 2001, in Case No. 2001-027, the Commission approved the transfer of the Phelps portion of the Mike Little Gas Co., Inc. (Mike Little) system to People s Gas, Inc. (People s) and provided for the adjustment of rates on a quarterly basis in accordance with Mike Little s gas cost adjustment (GCA) clause, which People s adopted and ratified as ordered in paragraph 3 of the Commission s order approving the transfer.

On December 18, 2001, People s filed its GCA to be effective November 1, 2001.

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 decrease in wholesale gas costs. People s notice proposed an expected gas cost (EGC) of \$7.7671 per Mcf based on the Intrastate Utility Service (IUS) rate from Columbia Gas of Kentucky that was effective with People s last GCA. People s should have used Columbia s current IUS rate effective December 1, 2001. Correcting for this error produces an EGC of \$6.8348 per Mcf, which is \$1.7844 per Mcf less than the prior EGC of \$8.6192.

2. People s notice sets out no current quarter refund adjustment.

3. People's notice sets out a current quarter actual adjustment (AA) of 7.08 cents per Mcf to collect under-recovered gas cost from May, June and July 2001.

4. People's GCA is \$6.9056 per Mcf, which is \$1.7136 per Mcf less than the previous rate of \$8.6192.

5. The rates in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered by People's on and after the date of this Order. People's notice, with an effective date of November 1, 2001, did not give the Commission time to review the application prior to the effective date. Therefore, the effective date should be as of the date of this Order.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after the date of this Order.

2. Within 20 days of the date of this Order, People's shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 29th day of January, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2001-027-B DATED January 29, 2002

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	\$6.9056	\$11.3027
Over 1 Mcf	2.7670	6.9056	9.6726