

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE'S)	CASE NO. 2004-00041
GAS, INC.)	

O R D E R

On April 30, 2001, in Case No. 2001-00027, 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 February 9, 2004, People's filed its GCA to be effective March 1, 2004. The filing was incomplete, including only People's and Columbia Gas of Kentucky, Inc.'s tariff pages. In addition, KRS 278.180 requires that a utility provide the Commission with 30 days' notice. The Commission can, however, place a rate into effect with less than 30 days' notice under two conditions. First, the notice period can be reduced to 20 days if the utility requests a waiver of the notice requirement and provides good cause. Second, the notice period can be shortened to a lesser time if there is a reduction in rates. People's proposed rate is an increase and its application included no request for a waiver; therefore, the earliest effective date would be March 10, 2004.

The Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed increase in gas

supply cost and that such proceedings cannot be completed prior to the March 10, 2004 effective date.

People's, pursuant to 807 KAR 5:001, is to file with the Commission the original and 4 copies of the information requested in Appendix A, with a copy to all parties of record. The information requested herein is due not later than 10 days from the date of this Order. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Generic GCA forms are attached as Appendix B for People's convenience.

IT IS THEREFORE ORDERED that:

1. The proposed rates are hereby suspended for five months from March 10, 2004 up to and including August 9, 2004.
2. Nothing contained herein shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.
3. People's shall file with the Commission the original and 4 copies of the information requested in Appendix A, with a copy to all parties of record.

Done at Frankfort, Kentucky, this 23rd day of February, 2004.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00041 DATED February 23, 2004

Refer to Appendix C, People's Purchased Gas Cost Adjustment Clause.

1. Provide a list of the natural gas suppliers from whom People's expects to purchase over the next three months.
2. Provide the price per Mcf that People's expects to pay for natural gas it will purchase for the period April through June 2004.
3. Provide the volume of natural gas purchased, in Mcf, for the 12 months ended December 31, 2003.
4. Provide the sales volume, in Mcf, for the 12 months ended December 31, 2003.
5. Provide the amount of line loss for the 12 months ended December 31, 2003.
6. Provide the dollar amount of any supplier refunds that People's has received since People's filed its last GCA.
7. Provide the following information for May, June and July 2003, reporting each month separately:
 - a. The volume purchased
 - b. The cost of the purchases
 - c. The volume sold

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00041 DATED February, 23, 2004

GAS COST ADJUSTMENT FORM

(See document named "200400041_02232004apx.pdf" for Appendix B and C.)

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2004-00041 DATED February 23, 2004

PEOPLE'S GAS COST ADJUSTMENT CLAUSE

(See document named "200400041_02232004apx.pdf" for Appendix B and C.)