

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE'S)	CASE NO. 2005-00085
GAS, INC.)	

ORDER

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.¹

On February 23, 2005, People's filed its GCA to be effective April 1, 2005.

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 change in wholesale gas costs.
2. People's notice sets out an expected gas cost ("EGC") of \$11.0355 per Mcf, which is \$2.0678 more than the prior EGC of \$8.9677.
3. People's notice sets out no current quarter refund adjustment.

¹ Case No. 2001-00027, Joint Petition of Mike Little Gas Company, Inc. and People's Gas Inc. for the Transfer of Gas Transmission Facilities and Joint Motion for Relief from Compliance Schedule, Order dated April 30, 2001.

4. People's notice sets out a current quarter actual adjustment ("AA") of 50.39 cents per Mcf. People's used the incorrect EGC for October through December 2004 and January 2005. Correcting for this error produces a current quarter AA of 74.57 cents per Mcf. People's total AA is \$2.7670 per Mcf, which is an increase of 21.25 per Mcf from the previous total AA.

5. People's notice proposes no current quarter balance adjustment ("BA"). People's has an expired AA that should be included in its total BA. Calculating the current quarter BA using sales ending November 2004 of 13,377 Mcf and an expired quarterly AA factor of 53.32 cents per Mcf, People's current quarter AA is 27 cents. People's total BA is 25.13, which is an increase of 27 cents from the previous total BA.

6. People's GCA is \$14.0538 per Mcf, which is \$2.5503 per Mcf more than the previous rate of \$11.5035.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by People's on and after April 1, 2005.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after April 1, 2005.

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 March, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line at the bottom.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2005-00085 DATED March 29, 2005

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	\$14.0538	\$18.4509
Over 1 Mcf	2.7670	14.0538	16.8208