

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT        )  
FILING OF KENTUCKY FRONTIER        )        CASE NO. 2011-00225  
GAS, LLC D/B/A PEOPLE'S GAS, INC. )

ORDER

On January 29, 2010, in Case No. 2009-00492, the Commission approved Kentucky Frontier Gas, LLC's ("Kentucky Frontier") acquisition of the assets of People's Gas, Inc.<sup>1</sup> Upon completion of the acquisition, Kentucky Frontier d/b/a People's Gas, Inc. ("People's") adopted the tariff of People's, which included a Gas Cost Adjustment ("GCA") clause that provided for the adjustment of rates on a quarterly basis to reflect changes in the cost of purchased natural gas.

On June 30, 2011, People's filed its GCA to be effective August 1, 2011.

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 \$6.5580 per Mcf, which represents an increase of \$.3672 per Mcf from its previous EGC of \$6.1908 per Mcf.

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<sup>1</sup> Case No. 2009-00492, Application of Kentucky Frontier Gas Company, LLC for Approval of Transfer of People's Gas Company Assets (Ky. PSC Jan. 29, 2010).

3. People's notice sets out no current quarter Refund Adjustment.

4. People's notice sets out a current quarter Actual Adjustment ("AA") in the amount of \$.0879 per Mcf. People's total AA of \$.3737 per Mcf is an increase of \$1.4563 per Mcf from its previous total AA of (\$1.0826) per Mcf.

5. People's notice proposes a current quarter Balance Adjustment ("BA") of (\$.0398) per Mcf. People's mistakenly re-calculated the BA from its last GCA. The current BA should be \$.0000 per Mcf. People's total BA of (\$.0313) per Mcf represents an increase of \$.0564 per Mcf from its previous total BA of (\$.0877) per Mcf.

6. People's GCA is \$6.9004 per Mcf, which is an increase of \$1.8799 per Mcf from its previous GCA of \$5.0205 per Mcf.

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 August 1, 2011.


IT IS THEREFORE ORDERED that:

1. The rates proposed by People's are denied.

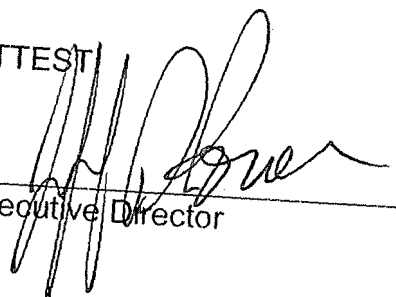
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after August 1, 2011.

3. Within 20 days of the date of this Order, People's shall file its revised tariff sheets with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED   
JUL 22 2011  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST

  
\_\_\_\_\_  
Executive Director

Case No. 2011-00225

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2011-00225 DATED JUL 22 2011

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	\$ 6.9004	\$ 11.2975
Over 1 Mcf	\$ 2.7670	\$ 6.9004	\$ 9.6674

Dennis Horner  
Kentucky Frontier Gas  
4891 Independence Street, Suite 200  
Wheat Ridge, COLORADO 80033