

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF KENTUCKY FRONTIER)
GAS, LLC D/B/A PEOPLE'S GAS, INC.) CASE NO. 2011-00510

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.¹ 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 December 20, 2011, People's filed its GCA to be effective February 1, 2012.

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 \$6.5524 per Mcf, which represents a decrease of \$.2021 per Mcf from its previous EGC of \$6.7545 per Mcf.

¹ 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 \$.0727 per Mcf. People's total AA of \$.4055 per Mcf is a decrease of \$.0020 per Mcf from its previous total AA of \$.4075 per Mcf.

5. People's notice proposes no current quarter Balance Adjustment ("BA"). People's total BA of (\$.0399) per Mcf represents an increase of \$.0024 per Mcf from its previous total BA of (\$.0423) per Mcf.

6. People's GCA is \$6.9180 per Mcf, which is a decrease of \$.2017 per Mcf from its previous GCA of \$7.1197 per Mcf.

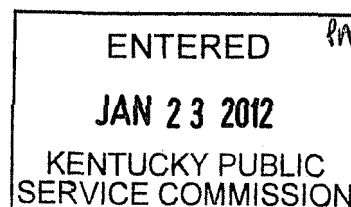
7. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved for billing for service rendered by People's on and after February 1, 2012.

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 February 1, 2012.

2. 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



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00510 DATED **JAN 23 2012**

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	\$ 6.9180	\$ 11.3151
Over 1 Mcf	\$ 2.7670	\$ 6.9180	\$ 9.6850

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