

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF KENTUCKY FRONTIER)	CASE NO. 2012-00588
GAS, LLC D/B/A PEOPLE'S GAS)	
COMPANY, 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 Company, Inc.¹ Upon completion of the acquisition, Kentucky Frontier d/b/a People's Gas Company, Inc. ("People's") adopted the tariff of People's Gas Company, Inc., 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 28, 2012, People's filed its GCA to be effective February 1, 2013.

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 \$5.2754 per Mcf, which represents an increase of \$.7271 per Mcf from its previous EGC of \$4.5483 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 (\$.0044) per Mcf. In a note on Schedule IV of People's Application, it stated that the meter reader of its natural gas supplier, Columbia Gas of Kentucky, does not read People's meter on a monthly basis. This creates a mismatch between People's purchases and sales volumes when the AA is calculated using the traditional individual month method. In this instance, it is more appropriate to calculate the AA using combined data for the quarter. Using total quarterly purchased gas cost divided by total quarterly sales adjusted for a 5 percent line loss produces an AA of \$.1395 per Mcf. People's total AA of (\$.7164) per Mcf is an increase of \$.0668 per Mcf from its previous total AA of (\$.7832) per Mcf.

5. People's GCA is \$4.5590 per Mcf, which is an increase of \$.7939 per Mcf from its previous GCA of \$3.7651 per Mcf.

6. 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, 2013.

IT IS THEREFORE ORDERED that:

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

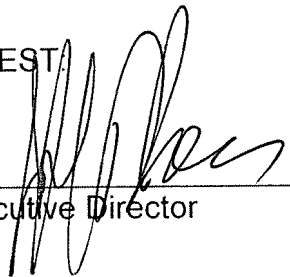
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after February 1, 2013.

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
JAN 23 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST



Executive Director

Case No. 2012-00588

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00588 DATED JAN 23 2013

The following rates and charges are prescribed for the customers in the area served by People's Gas Company, 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	\$ 4.5590	\$ 8.9561
Over 1 Mcf	\$ 2.7670	\$ 4.5590	\$ 7.3260

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