

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PEOPLE'S) CASE NO. 2006-00211
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 as ordered in paragraph 3 of the Commission's Order approving the transfer.¹

On May 24, 2006, People's filed its GCA to be effective June 1, 2006.

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 \$11.9418 per Mcf, which is a decrease of 60.99 cents per Mcf from its prior EGC of \$12.5517.
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 \$2.1133 per Mcf. People's used the incorrect EGC for the months involved. Correcting for this produces a current quarter AA of (\$1.1557) per Mcf. People's total AA is \$2.1051 per Mcf, which is a decrease of \$1.9014 per Mcf from its previous total AA.

5. People's notice proposes no current quarter balance adjustment ("BA"). People's total BA is (17.87) cents per Mcf, which is a decrease of 27 cents per Mcf from its previous total BA.

6. People's GCA is \$13.8682 per Mcf, which is a decrease of \$2.7813 per Mcf from its previous rate of \$16.6495.

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 June 1, 2006.

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 June 1, 2006.
3. 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 1st day of June, 2006.

By the Commission

ATTEST:

Executive Director

Case No. 2006-00211

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00211 DATED June 1, 2006.

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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$4.3971	\$13.8682	\$18.2653
Over 1 Mcf	2.7670	13.8682	16.6352