

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PEOPLE'S) CASE NO. 2007-00077
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 Company, 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 February 16, 2007, People's filed its GCA to be effective March 1, 2007.

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 \$9.1990 per Mcf, which is an increase of 7.18 cents per Mcf from its prior EGC of \$9.1272.
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 \$1.0287 per Mcf. People's used incorrect EGCs in its calculations. Correcting for this produces a current quarter AA of 44.62 cents per Mcf. People's total AA is (73.59) cents per Mcf, which is a decrease of \$2.2842 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 no change from its previous total BA.

6. People's GCA is \$8.2844 per Mcf, which is a decrease of \$2.2124 per Mcf from its previous rate of \$10.4968.

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 March 1, 2007.

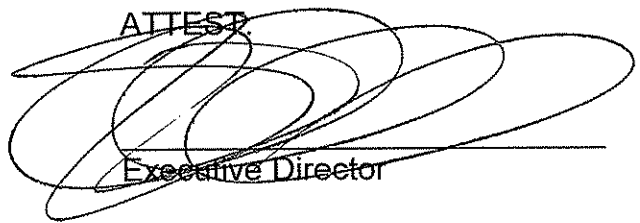
IT IS THEREFORE ORDERED that:

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 March 1, 2007.
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 27th day of February, 2007.

By the Commission

ATTEST

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00077 DATED February 27, 2007.

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 effective 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	\$8.2844	\$12.6815
Over 1 Mcf	2.7670	8.2844	11.0514