



June 29, 2011

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Gas Cost Adjustment  
Kentucky Frontier Gas, LLC  
dba People's Gas, Inc.

RECEIVED

JUN 30 2011

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC dba, People's Gas, Inc., we are filing for Gas Cost Adjustment for the period August 1, 2011 to October 31, 2011. EGC is based on Columbia Gas IUS rate approved in Case No. 2011-00155.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC  
dba PEOPLE'S GAS, INC.

Dennis R. Horner  
Kentucky Frontier Gas, LLC

Enclosures



Company Name

Peoples Gas, Inc.

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date filed: June 29, 2011

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Date Rates to be Effective: August 1, 2011

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Reporting Period Ending: April 30, 2011

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## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.5580
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ 0.3737
+	Balance Adjustment (BA)	\$/Mcf	\$ (0.0711)
=	Gas Cost Recovery Rate (GCR)		\$ 6.8606

GCR to be effective for service rendered from August 1, 2011 to October 31, 2011

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 55,979.09
/	Sales for the 12 months ended <u>April 30, 2011</u>	Mcf	8,536
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.5580
B	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$ -
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
=	Refund Adjustment (RA)	\$/Mcf	\$ -
C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$ 0.0879
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1065
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0747
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1046
=	Actual Adjustment (AA)	\$/Mcf	\$ 0.3737
D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ (0.0398)
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0399)
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0024)
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0110
=	Balance Adjustment (BA)	\$/Mcf	\$ (0.0711)

Peoples Gas, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual \*MCF Purchases for 12 months ended April 30, 2011

(1) Supplier	(2) Dth	(3) BTU Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia Gas of KY			12,425	\$ 6.2301	\$ 77,408.99
					\$ -
Totals			12,425		\$ 77,408.99

Line loss for 12 months ended April 30, 2011 based on purchases of 12,425  
and sales of 8,536 = 31.30%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 77,408.99
/ Mcf Purchases (4)	Mcf	12,425
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.2301
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	8,985
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 55,979.09

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\*\* Columbia Gas IUS rate - Case No. 2011-00155

**Peoples Gas, Inc.**

Schedule IV  
Actual Adjustment

For the 3 month period ending April 30, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>
Total Supply Volumes Purchased	Mcf	643	2,301	2,347
Total Cost of Volumes Purchased	\$	\$ 5,114	\$ 18,302	\$ 18,674
(divide by) Total Sales (not less than 95% of supply)	Mcf	612	2,186	2,230
(equals) Unit Cost of Gas	\$/Mcf	\$ 8.3562	\$ 8.3726	\$ 8.3753
(minus) EGC in effect for month	\$/Mcf	\$ 8.1822	\$ 8.1822	\$ 8.1822
(equals) Difference	\$/Mcf	\$ 0.1740	\$ 0.1904	\$ 0.1931
(times) Actual sales during month	Mcf	612	1,854	1,510
(equals) Monthly cost difference	\$	\$ 106.49	\$ 352.93	\$ 291.59
Total cost difference	<u>Unit</u>	<u>Amount</u>		
	\$	\$ 751.01		
(divide by) Sales for 12 Months ended <u>April 30, 2011</u>	Mcf	8,536		
(equals) Actual Adjustment for the Reporting Period		\$ 0.0880		
(plus) Over-recovery component from collections through expired AAs		\$ -		
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.08798		
		\$ 0.0879		

BALANCE ADJUSTMENT

For the 3 month period ended: April 30, 2011

<u>Particulars</u>	<u>Amount</u>
(1) Total cost difference used to compute AA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	(\$2,559)
Less: Dollar amount resulting from the AA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 13 month period the AA was in effect	(\$0.2532)
	8,732
	-\$2,211
Equals: Balance Adjustment of the AA	(\$348)
(2) Total supplier refund adjustment including interest used to compute RA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	\$0
Less: Dollar amount resulting from the RA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 12 month period the RA was in effect	\$0.0000
	\$0
Equals: Balance Adjustment of the RA	\$0
(3) Total balance adjustment used to compute BA of the GCR effective 4 quarters prior to the effective date of the currently effective GCR	
Less: Dollar amount resulting from the BA of per Mcf as used to compute the GCR in effect 4 quarters prior to the effective date of the currently effective GCR times the sales of Mcf during the 13 month period the BA was in effect	11397
	\$0
Equals: Balance Adjustment of the BA	\$0
Total Balance Adjustment Amount (1) + (2) + (3)	(\$348)
Divide: Mcf Sales for 12 months ended	8,732
	0
Equals: Balance Adjustment for the reporting period (to Schedule I, part D)	(\$0.0398)