



375 North Shore Drive
Suite 600
Pittsburgh, PA 15212

www.peoples-gas.com

Carol Scanlon
Rate Analyst
Phone: 412-258-4492
Email: Carol.Scanlon@peoples-gas.com

VIA OVERNIGHT MAIL

December 20, 2013

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED
DEC 23 2013
PUBLIC SERVICE
COMMISSION

RE: Peoples Gas KY LLC
GCR Filing Proposed to Become Effective February 1, 2014

Dear Mr. Derouen:

Enclosed are an original and ten copies of Peoples Gas KY LLC's (Peoples KY) Gas Cost Recovery (GCR) filing for the calendar quarter ended October 31, 2013, for rates proposed to become effective February 1, 2014. Also included are an original and ten copies of First Revised Sheet No. 2 and First Revised Sheet No. 4, to Peoples KY PSC Kentucky No. 1 Tariff, which are being filed pursuant to the Purchased Gas Adjustment Provision of that Tariff.

This filing proposes a GCR rate of \$6.6153 per Mcf of sales, an increase of \$0.2559 per Mcf from the current PGA, which was approved in Case No. 2013-00352 effective November 1, 2013.

For the purposes of forecasting its Expected Gas Cost (EGC), Peoples KY is assuming purchases based on the Appalachian Index price of gas for Columbia Transmission. This price is developed by averaging the estimated cost of gas over 3 months beginning February 2014.

Schedule 1 of the filing is a summary of the proposed PGA rate components. Schedule 2 is a summary of the expected gas costs based on purchases for the 12 months ended October 2013. Schedule 3 is a listing by month of Peoples KY's sales to its customer's for the 12 months ended October 2013. Schedules 4 and 5 are summaries of ACA components.

Sincerely,

Carol Scanlon
Rate Analyst

Enclosures

RATE

Customer: Various

Expiration: See "Special Conditions"

Point of Delivery:

At connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Peoples Gas KY LLC's service area.

Rate:

Customer Service Charge: \$7.50

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$6.6153 per MCF		\$8.7475	(I)

The minimum monthly bill shall be \$7.50.

*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 4 and 5 of this tariff.

The following adjustment shall be made to the above rates:

- (1) Customer bills may also include gross receipts license taxes as authorized under the Kentucky Education Reform Act of 1990.

Gas delivered pursuant to this tariff is from pipelines owned and operated by Peoples Gas KY LLC's supplier and all gas sold hereunder is made available by said supplier. Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Peoples Gas KY LLC's supplier's pipeline, and it shall be the responsibility

(I) Indicates Increase.

ISSUED: December 20, 2013
EFFECTIVE: February 1, 2014

PURCHASED GAS ADJUSTMENT CLAUSE
(Continued)

Definitions

For purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased gas volumes during the twelve-month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balancing adjustment; i.e., $GCR = EGC + RA + ACA + BA$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	6.6083	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	0.1059	(R)
Balance Adjustment (BA)	<u>(0.0989)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	6.6153	(I)

(I) Indicates Increase. (R) Indicates Reduction.

ISSUED: December 20, 2013

EFFECTIVE: February 1, 2014

Peoples Gas KY LLC

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u>	<u>Current GCR Rate</u>	<u>Proposed GCR Rate</u>	<u>Difference</u>	<u>Proposed Tariff Rate</u>
	(1)	(2)	(3)	(4)	(5)
	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
	(a)	(b)		(3) - (2)	(1) + (4)
All MCF	8.4916	6.3594	6.6153	0.2559	8.7475

- (a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.
(b) Rate approved by the Commission at Case No. 2013-00352.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period Feb 1, 2014 through Apr 30, 2014

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	6.6083
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	0.1059
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0989)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>6.6153</u></u>
 <u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	1,403,373 (a)
7	Total Annual Sales	Mcf	<u>212,366 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>6.6083</u></u>
 <u>Supplier Refund Adjustment Summary</u>			
9	Current Quarter Refund Adjustment	\$/Mcf	0.0000 (c)
10	Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (d)
11	2nd Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (e)
12	3rd Previous Quarter Refund Adjustment	\$/Mcf	<u>0.0000 (f)</u>
13	Supplier Refund Adjustment (RA)	\$/Mcf	<u><u>0.0000</u></u>
 <u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	(0.2517) (g)
15	Previous Quarter Adjustment	\$/Mcf	0.8651 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	(0.0654) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.4421) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>0.1059</u></u>
 <u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	(0.0136) (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0036) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0177) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	(0.0640) (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0989)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during Aug 2013 through Oct 2013.

(d) As approved in Case No. 2013-00352.

(e) As approved in Case No. 2013-236.

(f) As approved in Case No. 2013-00111.

(g) See Schedule 4.

(h) See Schedule 5.

Peoples Gas KY LLC

Calculation of Expected Gas Cost Based on Purchases
for the Twelve Months Ended October 2013 At Supplier
Costs Estimated to Become Effective February 1, 2014

	<u>Purchases</u>	<u>Purchases</u>	<u>Average Rate</u>	<u>Annual Cost</u>
	(1)	(2)	(3)	(4)
	Mcf	Dth	\$/Dth	\$
			(a)	(2) x (3)
<u>PURCHASES</u>				
1 November 2012	25,713	22,531	5.3266	120,014
2 December	29,177	32,580	5.3266	173,541
3 January 2013	38,509	49,564	5.3266	264,008
4 February	33,638	45,919	5.3266	244,592
5 March	33,850	44,739	5.3266	238,307
6 April	13,922	29,711	5.3266	158,259
7 May	8,095	13,116	5.3266	69,864
8 June	3,484	6,477	5.3266	34,500
9 July	3,578	4,684	5.3266	24,950
10 August	3,562	3,697	5.3266	19,692
11 September	4,432	4,324	5.3266	23,032
12 October	14,406	6,123	5.3266	32,615
13 Total	<u>212,366</u>	<u>263,465</u>	<u>-</u>	<u>1,403,373</u>

(a) Estimated average rate based on average Nymex prices plus TCO basis for a 3 month period, plus \$0.72065/Dth VTS Rate from Kentucky West Virginia Gas Company, and adjusted for 11% retainage.

Peoples Gas KY LLC

Summary of Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Sales</u> (1) Mcf
1	November 2012	25,713
2	December	29,177
3	January 2013	38,509
4	February	33,638
5	March	33,850
6	April	13,922
7	May	8,095
8	June	3,484
9	July	3,578
10	August	3,562
11	September	4,432
12	October	14,406
13	Total	212,366

Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period
August 2013 through October 2013

<u>Description</u>	<u>Unit</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	3,697	4,324	6,123	14,144
2 Supply Cost Per Books	\$	16,970	20,237	29,368	66,575
3 Sales Volume (c)	Mcf	(191) 3,753	4,432	14,406	22,400
4 EGC Rate in Effect (a), (c)	\$/Mcf	5.7321			
EGC Rate in Effect (b), (c)		5.3616	5.3616	5.3616	
5 EGC Revenue (Line 3 x Line 4)	\$	19,027	23,761	77,240	120,028
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	2,057	3,524	47,872	53,453
7 Total Current Quarter Actual Cost to be included in rates					53,453
8 Sales for the 12 Months Ended October 2013					212,366
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.2517)

(a) Approved in Case No. 2013-00111.

(b) Approved in Case No. 2013-00236.

(c) August pro-rated for rate change.

Peoples Gas KY LLC

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Twelve Month Period Beginning November 2012

	<u>Sales</u>	<u>ACA</u> <u>Rate</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2012-00432.				(15,938)
<u>Actual</u>				
November 2012	29,124	0.0881	2,566	(13,372)
December	29,177	0.0881	2,570	(10,801)
January 2013	35,708	0.0881	3,146	(7,655)
February	36,439	0.0881	3,210	(4,445)
March	33,850	0.0881	2,982	(1,463)
April	12,875	0.0881	1,134	(329)
May	9,142	0.0881	805	477
June	3,484	0.0881	307	784
July	3,387	0.0881	298	1,082
August	3,753	0.0881	331	1,413
September	4,432	0.0881	390	1,803
October	12,429	0.0881	1,095	2,898
 Total	 <u>213,800</u>		 <u>18,836</u>	

Estimated Annual Sales 212,366 Mcf

Balancing Adjustment (\$0.0136) /Mcf
(\$2,898 ÷ 212,366 Mcf)