

RECEIVED

SEP 26 2006

APPENDIX B PUBLIC SERVICE
Page 1 COMMISSION

Peoples Gas Inc.

Case No. 7006-00473

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

September 25, 2006

Date Rates to be Effective:

October 1, 2006

Reporting Period is Calendar Quarter Ended:

July 31, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.8295
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	10.8295

GCR to be effective for service rendered from July 1, 2006 to Sept. 30, 2006

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	96,044.25
	+ Sales for the 12 months ended <u>July 31, 2006</u>	Mcf	8,868.70
	= Expected Gas Cost (EGC)	\$/Mcf	10.8295
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
	+ 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 (Schedule IV)	\$/Mcf	
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
	= Actual Adjustment (AA)	\$/Mcf	
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
	= Balance Adjustment (BA)	\$/Mcf	

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended July 31, 2006

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(5) (4)x(5) Cost
Columbia Gas			12,570	10.28810	129,321.42

Totals

12,570

129,321.42

Line loss for 12 months ended July 31, 2006 is 28 % based on purchases of 12,570 Mcf and sales of 8868.70 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	129,321.42
÷ Mcf Purchases (4)	Mcf	12,570
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.2881
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	9,335.47
= Total Expected Gas Cost (to Schedule IA.)	\$	96,044.25

*Or: adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended July 31, 2006

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>(May)</u>	Month 2 <u>(June)</u>	Month 3 <u>July</u>
Total Supply Volumes Purchased	Mcf	698	638	568
Total Cost of Volumes Purchased	\$	7925.99	7241.30	6446. ⁸⁰
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	<u>663.10</u>	<u>606.10</u>	<u>539.60</u>
= Unit Cost of Gas	\$/Mcf	11.95	11.94	11.94
- EGC in effect for month	\$/Mcf	15.7297	11.9418	11.9418
= Difference [(Over-)/Under-Recovery]	\$/Mcf	<3.7197>	<.18>	<.18>
x Actual sales during month	Mcf	<u>396.8</u>	<u>311.2</u>	<u>282.3</u>
= Monthly cost difference	\$	1499.78	56.01	50.81

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	1606.60
÷ Sales for 12 months ended <u>July 31, 2006</u>	Mcf	<u>8868.70</u>
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.1811

Karpulis Associates
P.O. Box 245
Stamville, Ky. 41059

Public Service Commission
P.O. Box 615
Frankfort, Ky 40602-0615

RECEIVED
SEP 26 2006
PUBLIC SERVICE
COMMISSION

111
7705 \$0.870 SEP 25 16
1103 BERTY LAYNE KY 41615
P886189.5
REGISTERED MAIL
POSTAGE WILL BE PAID BY ADDRESSEE