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Department of Public Protection

January 23, 2007

Bert R. Layne
Public Gas Company, Inc.
220 Lexington Green Circle
Suite 130
Lexington, KY 40503

CERTIFICATE OF SERVICE

RE: Case No. 2007-00005
Public Gas Company, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on January 23, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PUBLIC) CASE NO. 2007-00005
GAS COMPANY)

ORDER

On October 10, 1986, in Case No. 9565,¹ the Commission approved rates for Public Gas Company ("Public") and provided for their further adjustment in accordance with Public's gas cost adjustment ("GCA") clause.

On January 2, 2007, Public filed its proposed GCA to be effective February 1, 2007.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Public's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Public's proposed expected gas cost ("EGC") is \$8.012 per Mcf, which is a decrease of 89.8 cents per Mcf from the previous EGC of \$8.91.
3. Public's notice sets out no current quarter refund adjustment.
4. Public's notice sets out a current quarter actual adjustment ("AA") of (2.92) cents per Mcf. Public's notice sets out a total AA of (\$1.1557) per Mcf, which is a decrease of 12.69 cents per Mcf from the previous total AA.

¹ Case No. 9565, Notice of Public Gas Company, Inc. of a General Rate Adjustment, Order dated May 12, 1986.

5. Public's GCA is \$6.8563 per Mcf, which is \$1.0249 per Mcf less than the previous GCA of \$7.8812.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Public on and after February 1, 2007.

IT IS THEREFORE ORDERED that:

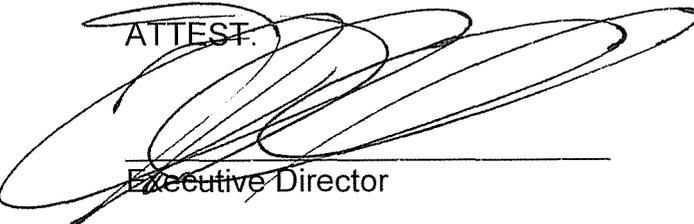
1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after February 1, 2007.

2. Within 20 days of the date of this Order, Public shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 23rd day of January, 2007.

By the Commission

ATTEST.


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00005 DATED January 23, 2007.

The following rates and charges are prescribed for the customers served by Public Gas Company. 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.

Rates:

	<u>Base Rate</u>	<u>Gas Cost</u>	<u>Rate per Mcf</u>
Minimum Bill - First Mcf	\$3.2705	\$6.8563	\$10.1268
Over 1 Mcf	\$2.1505	\$6.8563	\$ 9.0068