



July 28, 2010

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

RECEIVED

JUL 29 2010

PUBLIC SERVICE  
COMMISSION

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

Dear Mr. Derouen:

2010-00311

On behalf of Kentucky Frontier Gas, LLC dba, People's Gas, Inc., we are filing for Gas Cost Adjustment for the period September 1, 2010 to October 30, 2010. Please consider this an interim filing until the next quarterly filing required October 1, 2010 for rates to be effective November 1, 2010.

Enclosed are Rates and Charges, and related calculations on which we base our request for rate changes.

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

Sincerely,

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

A handwritten signature in black ink that reads "Dennis R. Horner".

Dennis R. Horner  
Kentucky Frontier Gas, LLC

Enclosures

Company Name

People's Gas, Inc.

Quarterly Report of Gas Cost  
Recovery Rate Calculation

**RECEIVED**

JUL 29 2010

PUBLIC SERVICE  
COMMISSION

Date filed:

July 28, 2010

2010-00311

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Date Rates to be Effective:

September 1, 2010

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Reporting Period Ending:

April 30, 2010

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PEOPLE'S GAS, INC. - GAS COST RECOVERY RATE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 8.2718
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ (0.2836)
+	Balance Adjustment (BA)	\$/Mcf	\$ -
=	Gas Cost Recovery Rate (GCR)		\$ 7.9882

GCR to be effective for service rendered from Novemeber 1, 2009 to April 30, 2010.

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 100,278.52
/	Sales for the 12 months ended <u>April 30, 2010</u>	Mcf	12,123
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 8.2718

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	\$ (0.7920)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.2800
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.5053)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.7337
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.2836)

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. 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	\$ -

PEOPLE'S GAS, INC - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual \*MCF Purchases for 12 months ended April 30, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia			10,034	\$ 8.4972	\$ 85,260.90
Columbia			2,089	\$ 7.1889	\$ 15,017.61
Totals			12,123		\$ 100,278.52

Line loss for 12 months ended April 30, 2010 is 11.8% based on purchase of 12,123 Mcf and sale of 10,689 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 100,279
/ Mcf Purchases (4)	Mcf	12,123
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 8.2718
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	12,123
=	\$	\$ 100,279

\* Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein

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PEOPLE'S GAS, INC.

Schedule IV  
Actual Adjustment

For the period ending

April 30, 2010

Particulars	Unit	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
		Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
Total Supply Volumes Purchased	Mcf	1,025	1,669	2,222	1,927	1,372	717
Total Cost of Volumes Purchased	\$	\$ 10,114	\$ 8,937	\$ 11,789	\$ 10,268	\$ 9,863	\$ 5,154
(divide by) Total Sales							
(not less than 95% of supply)	Mcf	1,077	1,840	2,277	2,274	1,303	681
(equals) Unit Cost of Gas	\$/Mcf	\$ 9.3909	\$ 4.8571	\$ 5.1774	\$ 4.5154	\$ 7.5671	\$ 7.5666
(minus) EGC in effect for month	\$/Mcf	\$ 6.7580	\$ 6.7580	\$ 6.7580	\$ 7.1329	\$ 7.1329	\$ 7.1329
(equals) Difference	\$/Mcf	\$ 2.6329	\$ (1.9009)	\$ (1.5806)	\$ (2.6175)	\$ 0.4342	\$ 0.4337
(times) Actual sales during month	Mcf	1,077	1,840	2,277	2,274	784	626
(equals) Monthly cost difference	\$	\$ 2,835.63	\$ (3,497.72)	\$ (3,598.97)	\$ (5,952.21)	\$ 340.44	\$ 271.51

Total cost difference

(divide by) Sales for 12 Months ended April 30, 2010

Unit	Amount
\$	\$ (9,601.32)
Mcf	12.123

(equals) Actual Adjustment for the Reporting Period

\$ (0.7920)

(plus) Over-recovery component from collections through expired AAs

-

(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)

\$ (0.7920)

FOR: Phelps  
Community, Town or City

P.S.C. KY. NO. 2

SHEET NO. 1

People's Gas, Inc.  
(Name of Utility)

CANCELING P.S. KY. NO. 1

SHEET NO. 1

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RATES AND CHARGES

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APPLICABLE: Entire area served

AVAILABILITY OF SERVICE: Domestic and commercial use in applicable areas.

A. MONTHLY RATES:

	<u>Base Rate</u>	<u>GRR</u>	<u>Total</u>
FIRST (1) MCF (MINIMUM BILL)	\$ 4.3971	7.9882	12.3853
OVER 1 MCF	\$ 2.7670	7.9882	10.7552

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DATE OF ISSUE July 28, 2010

Month/Date/Year

DATE EFFECTIVE September 1, 2010

ISSUED BY 

(Signature of Officer)

TITLE Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_