



September 30, 2010

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

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**PUBLIC SERVICE
COMMISSION**

2010-00389

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

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 November 1, 2010 to January 31, 2011. EGC is based on Columbia Gas IUS rate approved in Case No. 2010-00307.

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: September 29, 2009

Date Rates to be Effective: November 1, 2010

Reporting Period Ending: July 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	8.1373
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(1.6489)
+ Balance Adjustment (BA)	\$/Mcf	\$	(0.1312)
= Gas Cost Recovery Rate (GCR)		\$	6.3572

GCR to be effective for service rendered from November 1, 2010 to January 31, 2010

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	83,968.42
/	Sales for the 12 months ended <u>July 31, 2010</u>	Mcf		10,319
=	Expected Gas Cost (EGC)	\$/Mcf	\$	8.1373
<u>B</u>	<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	\$	-
<u>C</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$	(0.0273)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(1.3684)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf		
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.2532)
=	Actual Adjustment (AA)	\$/Mcf	\$	(1.6489)
<u>D</u>	<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	\$	(0.0564)
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	(0.0748)
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
=	Balance Adjustment (BA)	\$/Mcf	\$	(0.1312)

Peoples Gas, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual *MCF Purchases for 12 months ended July 30, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion Fact	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia Gas of KY			12,361	\$ 7.7304	\$ 95,555.47
					\$ -
Totals			12,361		\$ 95,555.47
Line loss for 12 months ended and sales of	<u>July, 2010</u> <u>10,319</u>	based on purchases of Mcf.		<u>12,361</u> 16.52%	

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 95,555.47
/ Mcf Purchases (4)	Mcf	12,361
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 7.7304
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	10,862
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 83,968.42

*

** Columbia Gas IUS rate - Case No. 2010-00307

Peoples Gas, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending June 30, 2010

Particulars	Unit	Month 1	Month 2	Month 3
		May-10	Jun-10	Jul-10
Total Supply Volumes Purchased	Mcf	577	522	609
Total Cost of Volumes Purchased	\$	\$ 4,762	\$ 3,548	\$ 3,654
(divide by) Total Sales (not less than 95% of supply)	Mcf	548	496	579
(equals) Unit Cost of Gas	\$/Mcf	\$ 8.6874	\$ 7.1547	\$ 6.3158
(minus) EGC in effect for month	\$/Mcf	\$ 8.1373	\$ 8.1373	\$ 8.1373
(equals) Difference	\$/Mcf	\$ 0.5501	\$ (0.9826)	\$ (1.8215)
(times) Actual sales during month	Mcf	214	145	141
(equals) Monthly cost difference	\$	\$ 117.72	\$ (142.48)	\$ (256.83)
Total cost difference	Unit			Amount
	\$			\$ (281.59)
(divide by) Sales for 12 Months ended July 31, 2010	Mcf			10,319
(equals) Actual Adjustment for the Reporting Period				\$ (0.0273)
(plus) Over-recovery component from collections through expired AAs				\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)				\$ (0.0273)