

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE S)	CASE NO. 2003-00296
GAS, INC.)	

ORDER

On April 30, 2001, in Case No. 2001-00027, the Commission approved the transfer of the Phelps portion of the Mike Little Gas Co., Inc. (Mike Little) system to People s Gas, Inc. (People s) and provided for the adjustment of rates on a quarterly basis in accordance with Mike Little s gas cost adjustment (GCA) clause, which People s adopted and ratified as ordered in paragraph 3 of the Commission s Order approving the transfer.

On August 4, 2003, People s filed its GCA to be effective May 1, 2003. This is People s first GCA filing since December 2001. People s submitted seven separate GCA filings for the quarters elapsed since its last filing.

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

1. People s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. People s notice proposed an expected gas cost (EGC) of \$8.3366 per Mcf. People s rate is based on Columbia Gas of Kentucky s (Columbia) Intrastate Utility Service rate (IUS). People s should have used Columbia s current IUS rate

effective June 1, 2003. Correcting for this error produces an EGC of \$8.8532 per Mcf, which is \$2.0184 per Mcf more than the prior EGC of \$6.8348.

2. People's notice sets out no current quarter refund adjustment.

3. People's notice sets out a current quarter actual adjustment (AA) for each of the seven periods covered by its filings. Consolidating the information produces a current quarter AA of (\$1.2871) per Mcf. People's total AA is also (\$1.2871), a decrease of \$1.3579 per Mcf from the previous total AA.

4. People's GCA is \$7.5661 per Mcf, which is 66.05 cents per Mcf more than the previous rate of \$6.9056.

5. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by People's on and after September 3, 2003. People's notice, with an effective date of May 1, 2003, did not give the Commission the required time to review the application prior to the effective date. The earliest effective date, pursuant to KRS 278.180, is 30 days after People's has applied to the Commission for an increase in rates.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after September 3, 2003.

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

Done at Frankfort, Kentucky, this 28th day of August, 2003.

By the Commission

ATTEST:


Executive Director

Case No. 2003-00296

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00296 DATED August 28, 2003

The following rates and charges are prescribed for the customers in the area served by People's Gas, Inc. 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 date of this Order.

Monthly:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf Minimum Bill	\$4.3971	\$7.5661	\$11.9632
Over 1 Mcf	2.7670	7.5661	10.3331