

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE S)	CASE NO. 2003-00361
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 September 22, 2003, People s filed its GCA to be effective August 1, 2003.

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 proposed expected gas cost (EGC) is \$8.8532 per Mcf, which represents no change from the prior EGC.
3. People s notice sets out no current quarter refund adjustment.
4. People s notice sets out a current quarter actual adjustment (AA) of 38.73 cents per Mcf. People s incorrectly calculated its monthly cost difference and carried forward an incorrect prior quarter AA. Correcting for this produces a current

quarter AA of 53.32 cents per Mcf. People's total AA is (75.39), an increase of 53.32 cents per Mcf from the previous total AA.

5. People's GCA is \$8.0993 per Mcf, which is 53.32 cents per Mcf more than the previous rate of \$7.5661.

6. 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 November 1, 2003. People's notice, with an effective date of August 1, 2003, did not give the Commission time to review the application prior to the effective date. The earliest effective date could be 30 days after People's applied to the Commission for a change in rates. However, in order to better match People's billing cycle, the approved effective date will be November 1, 2003.

IT IS THEREFORE ORDERED that:

1. People's proposed rates are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after November 1, 2003.
3. 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 October, 2003.

By the Commission

ATTEST:


Executive Director

Case No. 2003-00361

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2003-00361 DATED October 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 effective 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	\$8.0993	\$12.4964
Over 1 Mcf	2.7670	8.0993	10.8663