

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| THE NOTICE OF PURCHASED GAS) | |
| ADJUSTMENT FILING OF PEOPLE'S) | CASE NO. 2004-00041 |
| GAS, INC.) | |

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| THE NOTICE OF PURCHASED GAS) | |
| ADJUSTMENT FILING OF PEOPLE'S) | CASE NO. 2004-00152 |
| 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.¹

On February 9, 2004, People's filed its GCA to be effective March 1, 2004. Since People's filing was incomplete, the Commission suspended the rates on February 23, 2004 and issued a request for information. On March 22, 2004, the Commission sent a reminder letter to People's. People's subsequently filed another GCA on April 29, 2004, which was assigned a separate case number by the Commission. People's latest filing provides the schedules and information needed to continue processing the original application filed on February 9, 2004.

¹ Case No. 2001-00027, Joint Petition of Mike Little Gas Company, Inc. and People's Gas Inc. for the Transfer of Gas Transmission Facilities and Joint Motion for Relief from Compliance Schedule, Order dated April 30, 2001.

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

1. There are common issues in both proceedings and the decisions in one case will impact the decisions in the other case. In the interest of administrative economy, to avoid unnecessary duplication of effort, and to prevent the unnecessary expenditure of resources by both People's and the Commission, we find it reasonable and appropriate to consolidate People's February 9, 2004 GCA application with its April 29, 2004 GCA application.

2. People's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

3. People's proposed expected gas cost ("EGC") is \$10.7837 per Mcf, which is \$1.9305 more than the prior EGC of \$8.8532.

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

5. People's notice requests that the Commission calculate the current quarter actual adjustment ("AA") from the information provided, resulting in a current quarter AA of \$1.0568 per Mcf. People's total AA is 30.29 cents per Mcf, an increase of \$1.0568 per Mcf from the previous total AA.

6. People's notice requests that the Commission calculate the current quarter balance adjustment ("BA") from the information provided, resulting in a current quarter BA of (1.87) cent per Mcf. People's total BA is (1.87) cent per Mcf, a decrease of 1.87 cent per Mcf from the previous total BA.

7. People's GCA is \$11.0679 per Mcf, which is \$2.9686 per Mcf more than the previous rate of \$8.0993.

8. 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 June 1, 2004.

IT IS THEREFORE ORDERED that:

1. Case No. 2004-00041 is consolidated with and into Case No. 2004-00152.
2. Case No. 2004-00041 is closed and shall be removed from the Commission's docket.
3. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after June 1, 2004.
4. 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 27th day of May, 2004.

By the Commission

ATTEST:



Executive Director

Case No. 2004-00041
Case No. 2004-00152

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2004-00041 and 2004-00152 DATED May 27, 2004

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 | \$11.0679 | \$15.4650 |
| Over 1 Mcf | 2.7670 | 11.0679 | 13.8349 |