



PEOPLES

225 North Shore Drive
Pittsburgh, PA 15212

www.peoples-gas.com

Carol Luniewski

Rate Analyst

Phone: 412-208-6931

Email: Carol.S.Luniewski@peoples-gas.com

VIA ELECTRONIC FILING

September 21, 2015

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RE: Peoples Gas KY LLC
GCR Filing Proposed to Become Effective November 1, 2015
Case No. 2015-00307

Dear Mr. Derouen:

Enclosed for filing on behalf of Peoples Gas KY LLC (Peoples KY) is the Gas Cost Recovery (GCR) filing for the calendar quarter ended July 31, 2015, for rates proposed to become effective November 1, 2015. Also included are Eighth Revised Sheet No. 2 and Eighth Revised Sheet No. 4, to Peoples KY PSC Kentucky No. 1 Tariff, which are being filed pursuant to the Purchased Gas Adjustment Provision of that Tariff. A hard copy will follow via regular mail delivery.

This filing proposes a GCR rate of \$4.9751 per Mcf of sales, an increase of \$0.4549 per Mcf from the current PGA, which was approved in Case No. 2015-00183 effective August 1, 2015.

For the purposes of forecasting its Expected Gas Cost (EGC), Peoples KY is assuming purchases based on the Appalachian Index price of gas for Columbia Transmission. This price is developed by averaging the estimated cost of gas over 3 months beginning November 2015.

Schedule 1 of the filing is a summary of the proposed PGA rate components. Schedule 2 is a summary of the expected gas costs based on purchases for the 12 months ended July 2015. Schedule 3 is a listing by month of Peoples KY's sales to its customer's for the 12 months ended July 2015. Schedules 4 and 5 are summaries of ACA components.

Sincerely,

Carol Luniewski

Rate Analyst

Enclosures

PURCHASED GAS ADJUSTMENT CLAUSE

(Continued)

Definitions

For purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased gas volumes during the twelve-month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balancing adjustment; i.e., $GCR = EGC + RA + ACA + BA$.
- c. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

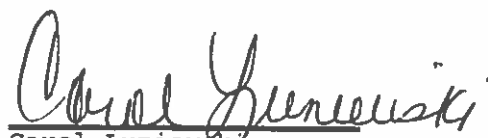
Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	5.0096	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	(0.0400)	(I)
Balance Adjustment (BA)	<u>0.0055</u>	(I)
Total Gas Cost Recovery Rate per Mcf	4.9751	(I)

(I) Indicates Increase.

ISSUED: September 21, 2015
EFFECTIVE: November 1, 2015

Issued By:


Carol Luniewski
Rate Analyst

RATE

Customer: Various

Expiration: See "Special Conditions"

Point of Delivery:

At connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Peoples Gas KY LLC's service area.

Rate:

Customer Service Charge: \$7.50

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$4.9751 per MCF		\$7.1073	(I)

The minimum monthly bill shall be \$7.50.

*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 4 and 5 of this tariff.

The following adjustment shall be made to the above rates:


- (1) Customer bills may also include gross receipts license taxes as authorized under the Kentucky Education Reform Act of 1990.

Gas delivered pursuant to this tariff is from pipelines owned and operated by Peoples Gas KY LLC's supplier and all gas sold hereunder is made available by said supplier. Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Peoples Gas KY LLC's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

(I) Indicates Increase.

ISSUED: September 21, 2015
EFFECTIVE: November 1, 2015

Issued By:


Carol Luniewski
Rate Analyst

Peoples Gas KY LLC

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u>	<u>Current GCR Rate</u>	<u>Proposed GCR Rate</u>	<u>Difference</u>	<u>Proposed Tariff Rate</u>
	(1)	(2)	(3)	(4)	(5)
	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
	(a)	(b)		(3) - (2)	(1) + (4)
All MCF	6.6524	4.5202	4.9751	0.4549	7.1073

(a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.

(b) Rate approved by the Commission at Case No. 2015-00183.

Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate
Proposed to Become Effective for the
Period November 1, 2015 through January 31, 2016

Line No.	<u>Units</u> (1)	<u>Amount</u> (2)
<u>GCR Components</u>		
1	Expected Gas Cost (EGC)	\$/Mcf 5.0096
2	Supplier Refund (RA)	\$/Mcf 0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf (0.0400)
4	Balance Adjustment (BA)	\$/Mcf 0.0055
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	<u>\$/Mcf 4.9751</u>
 <u>Expected Gas Cost Calculation (EGC)</u>		
6	Total Expected Cost of Gas	\$ 1,041,705 (a)
7	Total Normalized Annual Sales	Mcf <u>207,940 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf <u>5.0096</u>
 <u>Supplier Refund Adjustment Summary</u>		
9	Current Quarter Refund Adjustment	\$/Mcf 0.0000 (c)
10	Previous Quarter Refund Adjustment	\$/Mcf 0.0000 (d)
11	2nd Previous Quarter Refund Adjustment	\$/Mcf 0.0000 (e)
12	3rd Previous Quarter Refund Adjustment	\$/Mcf 0.0000 (f)
13	Supplier Refund Adjustment (RA)	<u>\$/Mcf 0.0000</u>
 <u>Actual Cost Adjustment Summary</u>		
14	Current Quarter Adjustment	\$/Mcf 0.1431 (g)
15	Previous Quarter Adjustment	\$/Mcf 0.5344 (d)
16	2nd Previous Quarter Adjustment	\$/Mcf (0.3421) (e)
17	3rd Previous Quarter Adjustment	\$/Mcf (0.3754) (f)
18	Actual Cost Adjustment (ACA)	<u>\$/Mcf (0.0400)</u>
 <u>Balance Adjustment Summary</u>		
19	Current Quarter Adjustment	\$/Mcf 0.0071 (h)
20	Previous Quarter Adjustment	\$/Mcf 0.0037 (d)
21	2nd Previous Quarter Adjustment	\$/Mcf 0.0189 (e)
22	3rd Previous Quarter Adjustment	\$/Mcf (0.0603) (f)
23	Balance Adjustment (BA)	<u>\$/Mcf 0.0055</u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during May 2015 through July 2015.

(d) As approved in Case No. 2015-00183.

(e) As approved in Case No. 2015-00083.

(f) As approved in Case No. 2014-00431.

(g) See Schedule 4.

(h) See Schedule 5.

Peoples Gas KY LLC

Calculation of Expected Gas Cost Based on Purchases
for the Twelve Months Ended July 2015 At Supplier
Costs Estimated to Become Effective November 1, 2015

	<u>Purchases</u>	<u>Purchases</u>	<u>Average Rate</u>	<u>Annual Cost</u>
	(1)	(2)	(3)	(4)
	Mcf	Dth	\$/Dth	\$
			(a)	(2) x (3)
<u>PURCHASES</u>				
1 August 2014	3,600	4,392	3.8566	16,938
2 September	4,544	5,566	3.8566	21,466
3 October	14,526	17,794	3.8566	68,625
4 November	25,472	32,106	3.8566	123,818
5 December	30,868	37,813	3.8566	145,831
6 January 2015	41,460	50,789	3.8566	195,872
7 February	47,164	50,413	3.8566	194,422
8 March	29,792	36,495	3.8566	140,748
9 April	13,669	16,745	3.8566	64,578
10 May	7,489	8,819	3.8566	34,013
11 June	4,512	5,527	3.8566	21,314
12 July 2015	2,980	3,651	3.8566	14,079
13 Total	<u>226,076</u>	<u>270,110</u>	<u>-</u>	<u>1,041,705</u>

(a) Estimated average rate based on average Nymex prices plus TCO basis for a 3 month period, plus \$0.7251/Dth VTS Rate from Kentucky West Virginia Gas Company, and adjusted for 11% retainage.

Peoples Gas KY LLC

Summary of Normalized Sales

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Normalized</u> <u>Sales</u> (1) Mcf
1	August	3,283
2	September	4,681
3	October	12,917
4	November	19,652
5	December	32,864
6	January	40,839
7	February	34,656
8	March	29,464
9	April	15,615
10	May	7,489
11	June	3,181
12	July	3,297
13	Total	<u>207,940</u>

Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period
May 2015 through July 2015

<u>Description</u>	<u>Unit</u>	<u>May</u>	<u>June</u>	<u>July 1/</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Mcf	10,382	4,920	2,978	18,280
2 Supply Cost Per Books	\$	65,379	22,925	13,630	101,934
3 Sales Volume (c)	Mcf	290 7,199	4,512	2,980	14,981
4 EGC Rate in Effect (a), (c)	\$/Mcf	5.4128			
EGC Rate in Effect (b), (c)		4.8065	4.8065	4.8065	
5 EGC Revenue (Line 3 x Line 4)	\$	36,174	21,685	14,323	72,182
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	(29,205)	(1,240)	693	(29,752)
7 Total Current Quarter Actual Cost to be included in rates					(29,752)
8 Normalized Sales					207,940
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					0.1431

(a) Approved in Case No. 2014-00431.

(b) Approved in Case No. 2015-00083.

(c) May pro-rated for rate change.

1/ July 2015 costs are estimated.

Peoples Gas KY LLC

Calculation of Balancing Adjustment for
Over/(Under) Recoveries of Gas Cost Incurred
During the Twelve Month Period Beginning August 2014

	<u>Sales</u>	<u>ACA</u> <u>Rate</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2014-00203.				(210,364)
<u>Actual</u>				
August 2014	3,304	0.9209	3,042	(207,321)
September	4,544	0.9209	4,184	(203,137)
October	13,790	0.9209	12,699	(190,438)
November	26,208	0.9209	24,135	(166,303)
December	30,868	0.9209	28,426	(137,877)
January 2015	47,472	0.9209	43,717	(94,159)
February	41,152	0.9209	37,897	(56,262)
March	29,792	0.9209	27,436	(28,827)
April	13,959	0.9209	12,855	(15,972)
May	7,199	0.9209	6,630	(9,342)
June	4,512	0.9209	4,155	(5,187)
July 2015	4,038	0.9209	3,719	(1,468)
 Total	 <u>226,838</u>		 <u>208,895</u>	

Normalized Sales 207,940 Mcf

Balancing Adjustment \$0.0071 /Mcf
 (\$1,468) ÷ 207,940 Mcf