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VIA ELECTRONIC FILING

December 30, 2016

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 February 1, 2017
Case No. 2016-00436

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 October 31, 2016, for rates proposed to become effective February 1, 2017. Also included are Thirteenth Revised Sheet No. 2 and Twelfth 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 \$4.2561 per Mcf of sales, an increase of \$0.2743 per Mcf from the current PGA, which was approved in Case No. 2016-00331 effective November 1, 2016.

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 February 2017.

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 October 2016. Schedule 3 is a listing by month of Peoples KY's sales to its customer's for the 12 months ended October 2016. Schedules 4 and 5 are summaries of ACA components.

Sincerely,

Carol Scanlon

Rate Consultant

Enclosures