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**VIA ELECTRONIC FILING**

December 28, 2017

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, 2018  
Case No. 2017-00463

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, 2017, for rates proposed to become effective February 1, 2018. Also included are Seventeenth Revised Sheet No. 2 and Sixteenth 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 \$3.5680 per Mcf of sales, an decrease of \$0.6815 per Mcf from the current PGA, which was approved in Case No. 2017-00373 effective November 1, 2017.

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 2018.

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 2017. Schedule 3 is a listing by month of Peoples KY's sales to its customer's for the 12 months ended October 2017. Schedules 4 and 5 are summaries of ACA components.

Sincerely,

Lynda Petrichevich  
Vice President Regulatory Affairs