

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF PEOPLE'S GAS, INC.) CASE NO. 2009-00234

ORDER

On April 30, 2001, in Case No. 2001-00027,¹ 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 June 24, 2009, People's filed its GCA to be effective August 1, 2009.

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 notice sets out an Expected Gas Cost ("EGC") of \$11.2767. People's proposed EGC is based on Columbia Gas of Kentucky's ("Columbia's") previous Intrastate Utility Service ("IUS") rate; substituting Columbia's current IUS rate of \$8.4972 per Mcf produces an EGC of \$8.9444 per Mcf, which represents a decrease

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 (Ky. PSC Apr. 30, 2001).

of \$2.3323 per Mcf from its previous EGC of \$11.2767 per Mcf. Staff's calculations are attached as Appendix B.

3. People's notice sets out no current quarter Refund Adjustment.

4. People's notice sets out no current quarter Actual Adjustment ("AA"), although it provided in its filing sufficient information to reconcile under- and over-recoveries of gas costs for the three-month reporting period ended April 30, 2009. Using the information provided by People's and correcting the "EGC in effect for month" for all three months, Staff calculated a current quarter AA of (\$.5056). People's total AA of \$.2284 per Mcf, which is comprised of the current quarter AA plus the previous quarter AA of \$.7337, is a decrease of \$1.9816 per Mcf from its previous total AA of \$2.2100 per Mcf. Staff's calculations are attached as Appendix B.

5. People's notice proposes no current quarter or total Balance Adjustment ("BA"). People's neglected to include its previous quarter BA of (\$.1347) per Mcf. People's total BA of (\$.1347) per Mcf represents no change from its previous total BA.

6. People's GCA is \$9.0381 per Mcf, which is a decrease of \$4.3139 per Mcf from its previous GCA of \$13.3520 per Mcf.

7. 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 August 1, 2009.

IT IS THEREFORE ORDERED that:

1. The rates proposed by People's are denied.

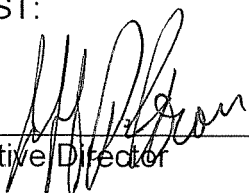
2. The rates in Appendix A, attached hereto and incorporated herein, are approved for billing for service rendered on and after August 1, 2009.

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.

By the Commission

ENTERED
JUL 17 2009 *sl*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00234 DATED JUL 17 2009

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 date of this Order.

Monthly:

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$4.3971	\$ 9.0381	\$13.4352
Over 1 Mcf	\$2.7670	\$ 9.0381	\$11.8051

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00234 DATED **JUL 17 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$8.9444
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	\$0.2284
Balance Adjustment (BA)	\$/Mcf	(\$0.1347)
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$9.0381

To be effective for service rendered from August 1, 2009

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$94,298.35
/Sales for the 12 months ended April 2009	\$/Mcf	10,542.70
Expected Gas Cost	\$/Mcf	\$8.9444
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=Refund Adjustment (RA)	\$ Mcf	\$0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0.5053)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.7337
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
=Actual Adjustment (AA)	\$ Mcf	\$0.2284
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	
+Previous Quarter Reported Balance Adjustment	\$/Mcf	(\$0.1347)
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=Balance Adjustment (BA)	\$ Mcf	(\$0.1347)

SCHEDULE II
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended April, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Columbia Gas			12,158	\$8.4972	\$103,308.96
Totals			12,158		\$103,308.96

Line loss for 12 months ended April, 2009 is based on purchases of 12,158.00
and sales of 10,542.70 Mcf. 13.29%

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6) / Mcf Purchases (4)		\$103,308.96 12,158
= Average Expected Cost Per Mcf Purchased		\$8.4972
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		11,097.58
= Total Expected Gas Cost (to Schedule IA)		\$94,298.35

ACTUAL ADJUSTMENT

For the 12 month period ended April, 2009

<u>Particulars</u>	<u>Unit</u>	<u>Feb., 09</u> Month 1	<u>March, 09</u> Month 2	<u>April, 09</u> Month 3
Total Supply Volumes Purchased	Mcf	1697	1340	846
Total Cost of Volumes Purchased	\$	\$23,797.14	\$14,626.91	\$9,328.60
/ Total Sales *	Mcf	1,677.0	1,273.0	803.7
= Unit Cost of Gas	\$/Mcf	\$14.1903	\$11.4901	\$11.6071
- EGC in Effect for Month	\$/Mcf	\$14.9908	\$14.9908	\$11.2767
= Difference	\$/Mcf	(\$0.8005)	(\$3.5007)	\$0.3304
x Actual Sales during Month	Mcf	1,677.0	1,205.2	708.1
= Monthly Cost Difference	\$	(\$1,342.43)	(\$4,219.03)	\$233.93

Total Cost Difference	\$	(\$5,327.53)
/ Sales for 12 months ended April 2009	Mcf	10,542.7
= Actual Adjustment for the Reporting Period (to Sch IC)		(\$0.5053)

* May not be less than 95% of supply volume

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