

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF PEOPLE'S GAS, INC.) CASE NO. 2009-00390

ORDER

On April 30, 2001, in Case No. 2001-00027, the Commission approved the transfer of the Phelps portion of the Mike Little Gas Company, 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 September 24, 2009, People's filed its GCA to be effective November 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 \$8.9368. Correcting for an error in carrying out the rate four places, People's' EGC should be \$8.9444, which is no change from the previous quarter EGC.

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).

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 July 31, 2009. Using the information provided by People's and correcting the monthly cost differences for June and July to show them as over-recoveries, rather than under-recoveries, produces a current quarter AA of (\$.0533) per Mcf. People's' total AA of \$.1748 per Mcf, which is comprised of the current quarter AA plus the previous quarter AAs of (\$.5056) and \$.7337, is a decrease of \$.0536 per Mcf from its previous total AA of \$.2284 per Mcf.

5. People's' notice proposes no current quarter or total Balance Adjustment ("BA"). People's neglected to include the second 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 \$8.9845 per Mcf, which is a decrease of \$.0536 per Mcf from its previous GCA of \$9.0381 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 November 1, 2009.

IT IS THEREFORE ORDERED that:

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

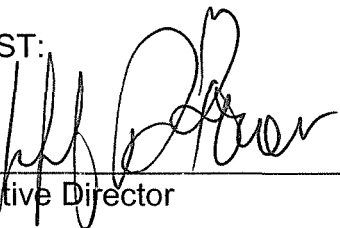
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after November 1, 2009.

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
OCT 14 2009 *M*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2009-00390 DATED OCT 14 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> | <u>Gas Cost Recovery Rate</u> | <u>Total</u> |
|----------------------------|------------------|---------------------------------------|--------------|
| First 1 Mcf – Minimum Bill | \$4.3971 | \$ 8.9845 | \$13.3816 |
| Over 1 Mcf | \$2.7670 | \$ 8.9845 | \$11.7515 |

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