

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT        )  
FILING OF PEOPLE'S GAS, INC.        )        CASE NO. 2009-00498

ORDER

On April 30, 2001, in Case No. 2001-00027, 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.<sup>1</sup>

On December 14, 2009, People's filed its GCA to be effective February 1, 2010.

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 \$4.2000 per Mcf. Correcting for the current Intrastate Utility Service ("IUS") rate from Columbia Gas of Kentucky and adjusting for five percent line loss as permitted by People's GCA

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<sup>1</sup> 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).

mechanism produces an EGC of \$5.4145 per Mcf, which is a decrease of \$3.5299 per Mcf from the previous quarter EGC of \$8.9444 per Mcf.

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 cost for the three-month reporting period ended October 31, 2009. Using the information provided by People's and correcting the monthly cost differences for September and October to show them as over-recoveries rather than under-recoveries produces a current quarter AA of (\$.2532) per Mcf. People's total AA of (\$.0784) per Mcf, which is comprised of the current quarter AA plus the previous quarter AAs of (\$.0533), (\$.5056), and \$.7337, is a decrease of \$.2532 per Mcf from its previous total AA of \$.1748 per Mcf.

5. People's notice proposes no current quarter or total Balance Adjustment ("BA"). A BA is required to reconcile collections from an expired previous quarter AA of \$1.4763 per Mcf. People's current quarter BA should be (\$.0748) per Mcf. People's neglected to include the third previous quarter BA of (\$.1347) per Mcf. People's total BA of (\$.2095) per Mcf represents a decrease of \$.0748 per Mcf from its previous total BA of (\$.1347) per Mcf.

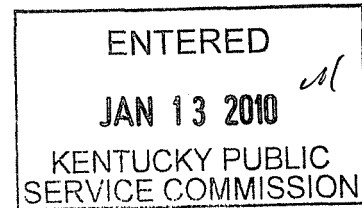
6. People's GCA is \$5.1266 per Mcf, which is a decrease of \$3.8579 per Mcf from its previous GCA of \$8.9845 per Mcf.

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 February 1, 2010.

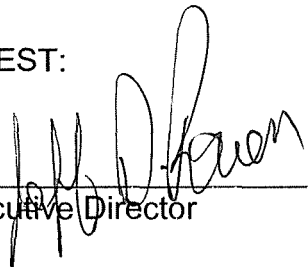
IT IS THEREFORE ORDERED that:

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 February 1, 2010.
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, reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
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Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NOS. 2009-00498 DATED JAN 13 2010

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<br/>Recovery<br/>Rate</u> | <u>Total</u> |
|----------------------------|------------------|---------------------------------------|--------------|
| First 1 Mcf – Minimum Bill | \$4.3971         | \$ 5.1266                             | \$9.5237     |
| Over 1 Mcf                 | \$2.7670         | \$ 5.1266                             | \$7.8936     |

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