



January 31, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

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FEB - 7 2011

PUBLIC SERVICE
COMMISSION

Re: Case No. 2010-00522
Kentucky Frontier Gas, LLC

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC dba, Peoples Gas, Inc. (PGI) please find the attached revised tariff sheets as directed by Order 2010-00522.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba MIKE LITTLE GAS COMPANY, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosure: Revised Tariff Case No. 2010-00522

Company Name

Peoples Gas, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: December 28, 2010

Date Rates to be Effective: February 1, 2011

Reporting Period Ending: October 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 8.1822
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ (1.1891)
+	Balance Adjustment (BA)	\$/Mcf	\$ (0.1226)
=	Gas Cost Recovery Rate (GCR)		\$ 6.87054

GCR to be effective for service rendered from February 1, 2011 to April 30, 2011

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 81,404.81
/	Sales for the 12 months ended <u>October 31, 2010</u>	Mcf	9,949
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 8.18221
B	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$ -
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$ -
=	Refund Adjustment (RA)	\$/Mcf	\$ -
C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$ 0.0747
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1046
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (1.3684)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ -
=	Actual Adjustment (AA)	\$/Mcf	\$ (1.1891)
D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$ (0.0024)
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ 0.0110
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0564)
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$ (0.0748)
=	Balance Adjustment (BA)	\$/Mcf	\$ (0.1226)

Peoples Gas, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual *MCF Purchases for 12 months ended October 31, 2010

(1) Supplier	(2) Dth	(3) BTU Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Columbia Gas of KY			12,385	\$ 7.7731	\$ 96,269.84
					\$ -
Totals			12,385		\$ 96,269.84

Line loss for 12 months ended October, 2010 based on purchases of 12,385
and sales of 9,949 = 19.67%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 96,269.84
/ Mcf Purchases (4)	Mcf	12,385
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 7.7731
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	10,473
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 81,404.81

*

** Columbia Gas IUS rate - Case No. 2010-00424

Peoples Gas, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending October 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>
Total Supply Volumes Purchased	Mcf	503	524	718
Total Cost of Volumes Purchased	\$	\$ 3,322	\$ 4,918	\$ 6,132
(divide by) Total Sales (not less than 95% of supply)	Mcf	478	498	682
(equals) Unit Cost of Gas	\$/Mcf	\$ 6.9520	\$ 9.8795	\$ 8.9899
(minus) EGC in effect for month	\$/Mcf	\$ 5.4145	\$ 8.1373	\$ 8.1373
(equals) Difference	\$/Mcf	\$ 1.5375	\$ 1.7422	\$ 0.8526
(times) Actual sales during month	Mcf	154	169	249
(equals) Monthly cost difference	\$	\$ 236.77	\$ 294.43	\$ 212.29

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ 743.49
(divide by) Sales for 12 Months ended <u>October 31, 2010</u>	Mcf	9,949
(equals) Actual Adjustment for the Reporting Period		\$ 0.0747
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ 0.0747