

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF KENTUCKY FRONTIER) CASE NO. 2009-00323
GAS, LLC D/B/A EAST KENTUCKY)
UTILITIES, INC.)

ORDER

On March 11, 2005, in Case No. 2005-00032,¹ the Commission approved rates for East Kentucky Utilities, Inc. ("East Kentucky") and provided for their further adjustment on an as-needed basis in accordance with East Kentucky's Gas Cost Adjustment ("GCA") clause. On August 15, 2005, Kentucky Frontier Gas, LLC assumed operation of the system.

On August 3, 2009, East Kentucky filed its proposed GCA to be effective September 1, 2009. East Kentucky did not give 30 days' notice of its change in rates; however, because its filing represents a decrease in rates, the proposed rates will be accepted to be effective on and after September 1, 2009.

East Kentucky proposes that the Commission allow it to utilize an Actual Adjustment ("AA") in calculating its GCA.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

¹ Case No. 2005-00032, Application of East Kentucky Utilities, Inc. for Approval of the Proposed Increase in Rates (Ky. PSC Mar. 11, 2005).

1. East Kentucky's proposal to use an AA in calculating its GCA is reasonable and should be approved.

2. East Kentucky's notice includes revised rates designed to pass on to its customers its expected change in gas costs.

3. East Kentucky's notice sets out an Expected Gas Cost ("EGC") of \$6.0334 per Mcf. East Kentucky calculated its EGC using sales instead of purchase volumes for its "Allowable Mcf Purchases" on Schedule II. Correcting this produces an EGC of \$5.6173 per Mcf, which is a decrease of \$.5017 per Mcf from its previous EGC of \$6.1190 per Mcf.

4. East Kentucky's notice sets out a current quarter AA of (\$1.0971) per Mcf. East Kentucky's total AA is (\$1.1195) per Mcf, which is a decrease of \$1.4467 per Mcf from the previous total AA of \$.3272 per Mcf.

5. East Kentucky's GCA is \$4.4978 per Mcf, which is a decrease of \$1.9484 per Mcf from the previous rate of \$6.4462 per Mcf.

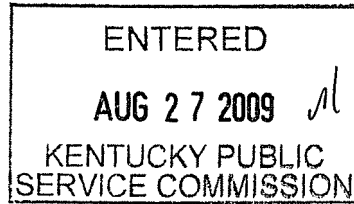
6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by East Kentucky on and after September 1, 2009.

IT IS THEREFORE ORDERED that:

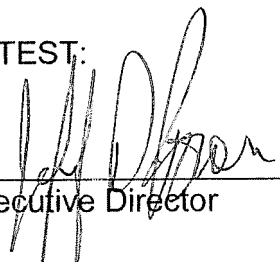
1. East Kentucky's proposal to use an AA is granted.
2. East Kentucky's proposed rates are denied.
3. The rates in the Appendix to this Order are approved for service rendered on and after September 1, 2009.

4. Within 20 days of the date of this Order, East Kentucky shall file with this Commission its revised tariffs setting out the rates authorized herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00323 DATED **AUG 27 2009**

The following rates and charges are prescribed for the customers served by East Kentucky Utilities, 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 effective date of this Order.

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First Mcf	\$10.00	\$4.4978	\$14.4978
All Mcf	\$5.2553	\$4.4978	\$9.7531

L. J. Rich
Member
Kentucky Frontier Gas, LLC
P. O. Box 408
Prestonsburg, KY 41653-0408