

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF KENTUCKY FRONTIER) CASE NO. 2009-00491
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 December 11, 2009, East Kentucky filed its proposed GCA to be effective January 1, 2010. East Kentucky did not give 30 days’ notice of its change in rates; the rates approved herein will be effective on and after January 10, 2010.

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 \$7.2879 per Mcf, which is an increase of \$1.6706 per Mcf from its previous EGC of \$5.6173 per Mcf.

4. East Kentucky's notice sets out a current quarter AA of \$0.00 per Mcf. East Kentucky's AA calculation contained an error which has been confirmed with East Kentucky by Commission Staff. Correcting the error produces a current quarter AA of (\$.1351) per Mcf. East Kentucky's total AA is (\$1.5640) per Mcf, which is a decrease of \$.4445 per Mcf from the previous total AA of (\$1.1195) per Mcf.

5. East Kentucky's GCA is \$5.7239 per Mcf, which is an increase of \$1.2261 per Mcf from the previous rate of \$4.4978 per Mcf.

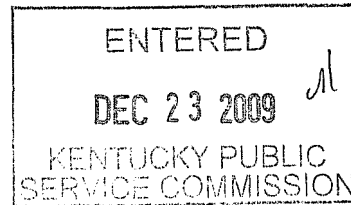
6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by East Kentucky on and after January 10, 2010.

IT IS THEREFORE ORDERED that:

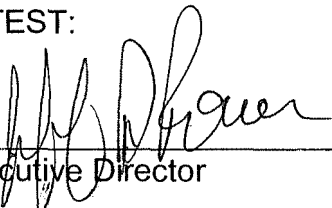
1. East Kentucky's proposal to use an AA is granted.
2. East Kentucky's proposed rates are denied.
3. The rates in the Appendix to this Order are approved for service rendered on and after January 10, 2010.

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, reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00491 DATED DEC 23 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>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf	\$10.00	\$5.7239	\$15.7239
All Mcf	\$5.2553	\$5.7239	\$10.9792

Dennis R Horner
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