

EAST KENTUCKY UTILITIES, INC.

**P.O. Box 408
Prestonsburg, KY 41653**

October 28, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

OCT 31 2005

**PUBLIC SERVICE
COMMISSION**

Re: Case No. 2005-00439
Gas Cost Recovery
East Kentucky Utilities, Inc.

Dear Ms. O'Donnell:

Kentucky Frontier Gas, LLC. is the contract operator for the Floyd County gas system through a Service Agreement with East Kentucky Utilities, Inc. (EKU) We assumed operations of the system on August 15, 2005.

On behalf of EKU we are filing the enclosed revised Gas Cost Recovery for the period November and December, 2005. We just received today, the enclosed copy of Exhibit "A" to our gas purchase agreement with Equitable Energy. Their price of \$15.80 is significantly higher than the \$13.39 that we had estimated, based on NYMX futures prices, and used in our calculations. Equitable was the only company, of six that we contacted, to make a gas supply proposal. Enclosed is a revised Rates and Charges Form and related calculations utilizing Equitables' \$15.80 price. We respectfully request a waiver of the 30 notice requirement for this filing.

Sincerely,

East Kentucky Utilities, Inc.



For Robert J. Oxford
Member Manager
Kentucky Frontier Gas, LLC.

Enc.

EAST KENTUCKY UTILITIES, INC.
Cost of Gas Purchases Based on Wholesale Rates
Effective November 1, 2005

	<u>1/1-12/31/2004</u>			<u>Gas Cost Effective</u> <u>November 1, 2005</u>
	<u>MCF</u>	<u>DTH</u>		
Southeastern Gas Co.	204		3.50 Per MCF	\$ 714.00
Equitable Energy LLC	<u>70,072</u>	89,472	15.80 Per DTH *	1,413,657.60
TOTAL	<u>70,276</u>			<u>\$ 1,414,371.60</u>

	<u>1/1-12/31/2004</u>			<u>Gas Cost Effective</u> <u>August 1, 2005</u>
	<u>MCF</u>	<u>DTH</u>		
Southeastern Gas Co.	204		3.50 Per MCF	\$ 714.00
Equitable Energy LLC	<u>70,072</u>	89,472	10.80 Per DTH *	967,297.60
TOTAL	<u>70,276</u>			<u>\$ 967,011.60</u>

INCREASE GAS COSTS				\$ 447,360.00
Plus Allowable				
Line Loss		4.7072%		<u>21,058.13</u>
2004 MCF PURCHASED	70,276		GAS COST INCREASE	<u>\$ 468,418.13</u>
2004 MCF SOLD	<u>66,968</u>			
ACTUAL LINE LOSS	<u>3,308</u>	LINE LOSS PERCENTAGE	<u>4.7072%</u>	

Total Increase **Per MCF \$ 6.6654**

*DTH to MCF Conversions provided by Equitable monthly

EQUITABLE ENERGY LLC

Confirmation Date October 28, 2005 08:06

Transaction Confirmation - EXHIBIT A			
<p>This Confirmation Letter is being provided in accordance with EEC's Master Gas Sale/Purchase Agreement, the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas or the Gas Industry Standards Board Base Contract for Short-Term Sale and Purchase of Natural Gas ("Contract"), which ever is applicable, between Equitable Energy, LLC ("EEC") and Counterparty, and constitutes part of and is subject to all terms and provisions of the Contract. In the event the Parties have not executed a Contract, the terms and conditions of the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas and Equitable Energy's Special Provisions (attached if applicable) and this Confirmation Letter shall apply to this Transaction.</p> <p>Please sign and return one copy of the attached Confirmation to EEC within two (2) Business Days of receipt to the fax number set forth below. The terms of this Confirmation Letter are binding on EEC and Counterparty unless Counterparty objects to EEC in writing within said two (2) Business Days. If you are not in agreement with the above terms, please contact Theresa L. Petersen at 412.395.2635.</p>			
Seller		Buyer	
EQUITABLE ENERGY LLC 4TH FLOOR 225 NORTH SHORE DRIVE PITTSBURGH, PA 15212-5831		EAST KENTUCKY UTILITIES PO BOX 405 PRESTONSBURG KY 41653	
Deal Maker	BRIAN SHAFRANEK	Attn	LARRY RICH
Phone	Phone: 412 395 2627	Phone	Phone: (606) 885-2631
Email	Not available -- Fax# 412 395.2675	Email	Not available -- Fax# (606) 889-9196
Transaction ID			
S-EASTKYUTILIT-0008			
Delivery Term and Pricing Detail			
Service Level	From	To	Price
FIRM	11/01/2005 10:00 am	01/01/2006 10:00 am	\$15.6000
Delivery Point Detail and Volumes			
Pipeline	Meter	Total/Avg Daily	Description
KENTUCKY WV	181-S	3,934/ 65 Dth	WEBB-ALLEN-WICKER
KENTUCKY WV	39	3,934/ 65 Dth	EAST KENTUCKY UTILITIES, ALLEN/DWALE
KENTUCKY WV	39B	3,934/ 65 Dth	EAST KENTUCKY UTILITIES, GARRETT
KENTUCKY WV	39C	3,934/ 65 Dth	EAST KENTUCKY UTILITIES, STEEL CREEK
KENTUCKY WV	39D	3,934/ 65 Dth	EAST KENTUCKY UTILITIES, ALLEN/DWALE
KENTUCKY WV	4M26	3,930/ 64 Dth	EAST KENTUCKY UTILITIES, MIDDLE CREEK
Special Conditions			
November 2005 = 7,600 dth/month December 2005 = 16,000 dth/month			
Seller		Buyer	
EQUITABLE ENERGY LLC		EAST KENTUCKY UTILITIES <i>Larry Rich</i>	
By Authorized Signer		By Authorized Signer	
Name and Title		Name and Title	
<i>Frank Krone, Director</i>			
Date	October 28, 2005	Date	

FOR ENTIRE AREA SERVED
Community, Town or City

P.S.C. KY. NO. _____

97th _____ SHEET NO. 1

CANCELLING P.S.C. KY. NO. _____

96th _____ SHEET NO. 1

EAST KENTUCKY UTILITIES, INC

(Name of Utility)

RATES AND CHARGES

RATE SCHEDULE: APPLICABLE IN ALL TERRITORY SERVED BY COMPANY.

AVAILABILITY OF SERVICE: FOR ALL RESIDENTIAL AND COMMERCIAL PURPOSES.

<u>RATES: Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$10.00	\$20.8209	\$30.8209
All Over 1 Mcf	\$ 5.2553	\$20.8209	\$26.0762
<u>Minimum Bill</u>	\$30.8209		

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE November 1, 2005
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE PRESIDENT

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2005-00335 DATED _____