

East Kentucky Utilities

P.O.B. 408

Prestonsburg, KY 41653

Phone: 606 886-2431

Fax: 606 889-9196

August 25, 2005

RECEIVED

AUG 29 2005

PUBLIC SERVICE
COMMISSION

Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615

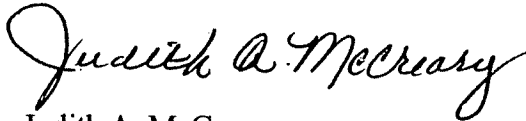
RE: CASE NO. 2005-00335

Ms. Beth O'Donnell,

This letter is in reference to Case No. 2005-00335, East Kentucky Utilities, Inc., (Purchase Gas Adjustment). Enclosed are three copies of the revised rate tariff sheet, and other documentation needed.

If you have any further questions, please contact me at 606-886-2431.

Sincerely,



Judith A. McCreary
East Kentucky Utilities, Inc.



110 Allegheny Center Mall
Pittsburgh, PA 15212-5131

JON H. SKOOG
General Manager and Director
Commercial Operations
Phone: (412) 395-2611
Fax: (412) 395-2675

February 19, 2002

Mr. John Allen, President
East Kentucky Utilities, Inc.
P.O. Box 408
Prestonsburg, KY 41653

Via: Facsimile @ 606 889.9196

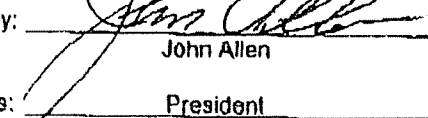
Dear Mr. Allen:

Equitable Energy, LLC ("EE") offers East Kentucky Utilities, Inc. ("EKU") the following revision to the existing natural gas supply Letter Agreement dated April 18, 2001:

1. EE will reduce the current contract sales price effective with February 1, 2002 through July 31, 2004 from the current \$6.00 per dth to \$5.50 per dth;
2. EKU will agree to extend the current term from August 1, 2004 through July 31, 2005, and
3. All other terms and conditions of the Letter Agreement and Gas Sales Agreement remain unchanged.


This sale shall be governed by Gas Sales Agreement EREC-S-169 dated November 1, 1992. If you wish to accept these terms, please sign below and return via facsimile to Terri Petersen at 412-395-2675. Equitable Energy will forward a fully executed letter agreement to you for your records. Please contact me at 412-395-2611 if you have any questions.

East Kentucky Utilities, Inc.:

By: 
John Allen
Its: President

Date: 2/19/02

Equitable Energy, LLC:

By: 
Jon H. Skoog
General Manager and Director
Its: Commercial Operations

Date: February 19, 2002

EQUITABLE ENERGY LLC

Confirmation Date August 08, 2005 15:12

Transaction Confirmation - EXHIBIT A

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 of 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.

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.

Seller		Buyer	
EQUITABLE ENERGY LLC 6TH FLOOR 225 NORTH SHORE DRIVE PITTSBURGH, PA 15212-5881		EAST KENTUCKY UTILITIES PO BOX 408 PRESTONSBURG, KY 41653	
Deal Maker	BRIAN SHAFRANEK	Attn	JOHN ALLEN
Phone	Phone: 412.395.2627	Phone	Phone: 606.886.2431
Email	Not available - Fax# 412.395.2675	Email	Not available - Fax# 606.889.9196

Transaction ID

3-EASTKYUTILIT-0007

Delivery Term and Pricing Detail

Service Level	From	To	Price
FIRM	08/01/2005 10:00 am	11/01/2005 10:00 am	\$10.6000

Delivery Point Detail and Volumes

Pipeline	Meter	Monthly Vol	Description	
KENTUCKY.WV	39	1,800/Dth	EAST KENTUCKY UTILITIES, ALLEN/DWALE	August 2005
KENTUCKY.WV	39	1,800/Dth	EAST KENTUCKY UTILITIES, ALLEN/DWALE	September 2005
KENTUCKY.WV	39	3,700/Dth	EAST KENTUCKY UTILITIES, ALLEN/DWALE	October 2005

Special Conditions

Seller		Buyer	
EQUITABLE ENERGY LLC		EAST KENTUCKY UTILITIES	
By Authorized Signer		By Authorized Signer	
Name and Title		Name and Title	
Frank Kemp, Director		Seldon D. Horne, President	
Date	August 08, 2005	Date	

EAST KENTUCKY UTILITIES, INC.
Cost of Gas Purchases Based on Wholesale Rates
Effective August 1, 2005
Case # 2005-00335

					<u>Gas Cost Effective August 1, 2005 \$10.80 per DTH *</u>	
		<u>1/1-12/31/2004</u>				
		MCF	DTH			
Southeastern Gas Co.		204		3.50	Per MCF	714.00
Equitable Energy LLC		<u>70,072</u>	89,472	10.80	Per DTH *	<u>966,297.60</u>
TOTAL		<u><u>70,276</u></u>				<u><u>\$967,011.60</u></u>

					<u>Gas Cost Effective March 11, 2005 \$5.50 per DTH *</u>	
		<u>1/1-12/31/2004</u>				
		MCF	DTH			
Southeastern Gas Co.		204		3.50	Per MCF	714.00
Equitable Energy LLC		<u>70,072</u>	89,472	5.50	Per DTH **	<u>492,096.00</u>
TOTAL		<u><u>70,276</u></u>				<u><u>\$492,810.00</u></u>

INCREASE GAS COSTS **474,201.60**

**Plus Allowable
Line Loss** **4.7072%** **22,321.40**

2004 MCF PURCHASED **70,276** **GAS COST INCREASE** **\$496,523.00**

2004 MCF SOLD **66968**

ACTUAL LINE LOSS **3,308** **LINE LOSS PERCENTAGE** **4.7072%**

Total Increase **Per MCF \$7.0653**

* Gas Cost Effective August 1, 2005

** Gas Cost Effective March 11, 2005

DTH to MCF Conversions provided by Equitable monthly

FOR ENTIRE AREA SERVED
Community, Town or City

P.S.C. KY. NO. 1

96TH SHEET NO. 1

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

95TH 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 RESEDENTIAL AND COMMERICAL PURPOSES.

<u>RATES</u>	<u>MONTHLY</u>	<u>PER UNIT</u>
FIRST	1 MCF	24.1555
OVER	1 MCF	19.4108
	<u>MINIMUM BILL</u>	24.1555

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE SEPTEMBER 5, 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 _____