

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS            )  
ADJUSTMENT FILING OF                )  
EAST KENTUCKY UTILITIES, INC.        )        CASE NO. 2006-00116

ORDER

On March 11, 2005, in Case No. 2005-00032,<sup>1</sup> 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 March 14, 2006, East Kentucky filed its proposed GCA to be effective for service rendered on and after February 1, 2006. East Kentucky has not sent out bills for February 2006 and it requests a waiver of the Commission's standard 30-day notice period in order to pass on its wholesale rate decrease to its customers for service rendered in the month of February. As KRS 278.180(2) permits approval of a rate decrease in less time than set forth in the standard notice period, the Commission finds the request should be granted.

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

1. East Kentucky's wholesale natural gas contract with Equitable Energy LLC ("Equitable") provides for a decrease in the cost of gas purchased from Equitable from \$13.00 per Dth to \$9.69 per Dth, effective February 1, 2006.

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<sup>1</sup> Case No. 2005-00032, Application of East Kentucky Utilities, Inc. for Approval of the Proposed Increase in Rates.

2. East Kentucky's notice includes revised rates designed to pass on to its customers its expected decrease in wholesale gas costs. Based on the Btu content of the gas supplied by Equitable, East Kentucky's proposed expected gas cost ("EGC") is \$11.87 per Mcf, which is a decrease of \$5.0864 per Mcf from its current EGC.

3. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing with final meter readings for the billing period beginning February 1, 2006.

IT IS THEREFORE ORDERED that:

1. East Kentucky's request to shorten the period in which it must provide notice of the proposed adjustment is granted.

2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing with final meter readings by East Kentucky for the billing period beginning February 1, 2006.

3. 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.

Done at Frankfort, Kentucky, this 15th day of March, 2006.

By the Commission

ATTEST



Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00116 DATED March 15, 2006.

The following rates and charges are prescribed for the customers in the area 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>RATES:</u> Monthly	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$10.00	\$11.87	\$21.8700
All Over 1 Mcf	\$ 5.2553	\$11.87	\$17.1253
 Minimum Bill	 \$21.87		

A surcharge in the amount of \$.8048 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged or is recalculated.

The base rate for the future application of the purchased gas adjustment clause of East Kentucky Utilities, Inc. shall be:

#### Commodity

Equitable Energy LLC                      \$ 9.69 per Dth