

EAST KENTUCKY UTILITIES, INC.  
P.O. BOX 408  
PRESTONSBURG, KY 41653

RECEIVED  
AUG 11 2008  
PUBLIC SERVICE  
COMMISSION

August 8, 2008

Ms. Stephanie L. Stumbo  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfurt, KY 40602-0615

Case No: 2008-00930

Re: Gas Cost Recovery Rate  
East Kentucky Utilities, Inc.

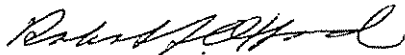
Dear Ms. Stumbo:

On behalf of East Kentucky Utilities, Inc. we are filing for Gas Cost Recovery for the period commencing September 1, 2008. Kentucky Frontier Gas, LLC is operating the Floyd County Gas System for EKU on an interim basis, effective July 1, 2008.

Enclosed is a Rates and Charges form and related calculations on which we base our request for rate changes. The cost of gas from our supplier, Quality Natural Gas, LLC, has changed, effective May 1, 2008, from the price stated in the contract with Quality dated May 1, 2006, to the amount stated in the attached letter from Quality, dated July 16, 2008.

We respectfully request a waiver of the thirty (30) day notice requirement for this filing. If you have any questions please call me at 303-422-3400.

Sincerely,  
EAST KENTUCKY UTILITIES, INC.



By: Robert J. Oxford, Member  
Kentucky Frontier Gas, LLC  
303-422-3400

FOR ENTIRE AREA SERVED  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

100th SHEET NO. 1

EAST KENTUCKY UTILITIES INC.  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

99th SHEET NO. 1

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RATES AND CHARGES

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RATE SCHEDULE:                      APPLICABLE IN ALL TERRITORY SERVED BY COMPANY

AVAILABILITY OF SERVICE:    FOR ALL RESIDENTIAL & COMMERCIAL PURPOSES

RATES: Monthly	Base Rate	Gas Cost Recovery Rate	Total Rate
First Mcf	\$10.00	\$ 9.8138	\$19.8138
All Over 1 Mcf	\$ 5.2553	\$ 9.8138	\$15.0691
<u>Minimum Bill</u>	\$19.8138		

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE September 1, 2008  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

Company Name

EAST KENTUCKY UTILITIES

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed: August 6, 2008

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Date Rates to be Effective: 9/1/2008

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Reporting Period is Calendar Quarter Ended: May 31, 2008

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## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.4642
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	0.3496
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)		<u>9.8138</u>

GCR to be effective for service rendered from 9/1/08 to 12/1/08

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	516,204
+	Sales for the 12 months ended	Mcf	<u>54,543</u>
=	Expected Gas Cost (EGC)	\$/Mcf	<u>9.4642</u>

<u>B</u>	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch III)		
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=	Refund Adjustment (RA)	\$/Mcf	

<u>C</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
=	Actual Adjustment (AA)	\$/Mcf	

<u>D</u>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)		

SCHEDULE II  
EXPECTED GAS COST

Actual \* MCF Purchases for 12 months ended May 31, 2008

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) <del>-(4) x (5)</del> Cost
Quality Natural Gas LLC			61,942		549,767

Totals	<u>78,036</u>		<u>61,942</u>		<u>549,767</u>
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Line loss for 12 months ended May 31, 2008 is 11.9 % based on purchases of 61,942 Mcf and sales of 54,543 Mcf

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	8.9909 **
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	57,414
= Total Expected Gas Cost (to Schedule IA)	\$	516,204

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein  
 \*\*Supplier's tariff sheets or notices are attached (NYMEX futures avg. of 9/08, 10/08 and 11/08 plus 0.37 basis plus \$0.7251/Dth gathering plus 11% fuel.)

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended May 31, 2008 (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 Mar 08</u>	<u>Month 2 Apr 08</u>	<u>Month 3 May 08</u>
Total Supply Volumes Purchased	Mcf	7,884	3,501	1,954
Total Cost of Volumes Purchased	\$	68,586	30,535	27,989
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	7,676	3,682	2,295
= Unit Cost of Gas	\$/Mcf	8.9351	8.2930	12.1956
- EGC in effect for month	\$/Mcf	7.9135	7.9135	7.9135
= Difference [(over-)/Under-Recovery]	\$/Mcf	1.0216	0.3795	4.2821
x Actual sales during month	Mcf	7,676	3,682	2,295
= Monthly cost difference	\$	7,842	1,397	9,827
Total cost difference (Month 1 + Month 2 + Month 3)	Unit			Amount
	\$			19,066
+ Sales for 12 months ended <u>May 31, 2008</u>	Mcf			<u>54,543</u>
= Actual Adjustment for the Reporting Period (to Schedule IC )	\$/Mcf			0.3496

## Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601  
606-874-8041

July 16, 2008

Larry Rich  
East Kentucky Utilities  
PO Box 408  
Prestonsburg, KY 41653

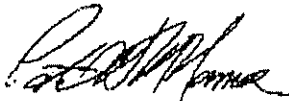
Dear Mr. Rich:

Our current gas sales agreement with East Kentucky Utilities was made verbally and is from month to month.

The price due for gas delivered each month is the Inside FERC Columbia Appalachia First of Month rate less twenty percent (20%) per mmbtu. The May 2008 rate was \$9.44 (11.80 \* .80). The June 2008 rate is 9.89 (12.36 \* .80) and the July 2008 rate is \$10.83 (13.54 \* .80).

Please call myself or Darrell Prater if you have any further questions concerning this agreement.

Sincerely,



Patrick G. McNamee

**East Kentucky Utilities  
Actual Gas Purchased**

<u>Mo/Yr</u>	<u>MCF</u>	<u>Dth</u>	<u>(\$)</u>
Jun-07	1,015	1,285	8,874
Jul-07	959	1,214	8,382
Aug-07	982	1,243	8,583
Sep-07	1,045	1,320	9,118
Oct-07	3,507	4,413	30,468
Nov-07	9,362	11,772	81,287
Dec-07	8,894	11,205	77,367
Jan-08	12,660	15,940	110,064
Feb-08	10,179	12,819	88,514
Mar-08	7,884	9,933	68,586
Apr-08	3,501	4,422	30,535
May-08	1,954	2,470	27,989
<b>Totals</b>	<b>61,942</b>	<b>78,036</b>	<b>549,767</b>



# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzdrilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008.

Gas sales @ KVV meters at the rate of \$5.50/minBtu

Buyer: **East Kentucky Utilities**  
PO Box 408  
  
Prestonsburg, KY 41653  
  
606-886-9193  
606-886-1083 FAX  
606-889-9196 FAX

Invoice Date: 8/9/2007  
Invoice Number: 200789  
Prod End Date: 6/30/2007 ✓  
  
Due Date: 8/25/2007

	Mcf	Dth	Price	Gross
KVV 181-S	7.00	11.00	\$ 5.500	60.50
KVV 39	428.70	534.18	\$ 5.500	2,937.97
KVV 39B	-	-	\$ 5.500	-
KVV 39C	493.21	635.39	\$ 5.500	3,494.65
KVV 39D	52.25	65.32	\$ 5.500	359.26
KVV 4m26	34.00	39.36	\$ 5.500	216.48
	<u>1,015.16</u>	<u>1,285.25</u>		

Gas Total	\$ 7,068.86
0.7251 KVV Gathering	\$ 931.93
15% KVV Fuel (11%)	\$ 873.68
<b>Total Due</b>	<b>\$ 8,874.47</b>

*Paid by ch # 14580 on 8/27/07  
\$ 8,874.47*

# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41801

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzerdrilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer East Kentucky Utilities  
PO Box 408  
  
Prestonsburg, KY 41653  
  
606-886-9193  
606-889-9196 FAX

Invoice Date 9/7/2007  
Invoice Number 200797  
Prod End Date 7/31/2007 ✓  
  
Due Date 9/25/2007

	Mcf	Dth	Price	Gross
KVV 181-S	3.00	5.00	\$ 5.500	27.50
KVV 39	403.40	502.65	\$ 5.500	2,264.55
KVV 39B	-	-	\$ 5.500	-
KVV 39C	459.46	504.78	\$ 5.500	3,328.34
KVV 39D	52.46	85.58	\$ 5.500	360.69
KVV 4m28	31.00	35.88	\$ 5.500	197.94
	<u>959.31</u>	<u>1,213.90</u>		
			Gas Total	\$ 6,676.42
			0.7251 KVV Gathering	\$ 880.20
			150 KVV Fuel (11%)	\$ 825.18
			<b>Total Due</b>	<b>\$ 8,381.80</b>

*Paid by ch # 14598 on 9/14/07  
\$8,381.00*

DATE: 2007 07 23 AM FROM: 606-874-9196 TO: [redacted] SUBJECT: INVOICE TO: 606-809-9196 FAX: 606-874-2203

### Quality Natural Gas, LLC

PO Box 480  
Allen KY 41601

606-874-6644 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kenze-drilling.com)

#### Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008.

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer: **East Kentucky Utilities**  
PO Box 408  
  
Prestonsburg KY 41653  
  
606-886-9193  
606-689-9195 FAX

Invoice Date: **10/18/2007**  
Invoice Number: **20071018**  
Prod End Date: **8/31/2007** ✓  
  
Due Date: **10/25/2007**

	Mcf	Dth	Price	Gross
KVV 181-S	13.00	21.00	\$ 5.500	115.50
KVV 39	418.66	521.66	\$ 5.500	2,862.13
KVV 39B	-	-	\$ 5.500	-
KVV 39C	459.91	391.20	\$ 5.500	3,251.61
KVV 39D	38.50	47.89	\$ 5.500	263.36
KVV 4m26	53.00	51.35	\$ 5.500	337.41
	<u>981.87</u>	<u>1,243.10</u>		
		Gas Total	\$	\$ 8,837.03
		0.7257 KVV Gathering	\$	901.37
		154 KVV Fuel (11%)	\$	645.03
		<b>Total Due</b>	<b>\$</b>	<b>8,583.43</b>

*Pd 10/18/2007*  
*OK # 14642*  
*\$ 8,583.43*

# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNames (mcnamee@kinzdrilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KWW meters at the rate of \$5.50/mmBtu

Buyer: East Kentucky Utilities  
PO Box 408  
  
Prestonsburg, KY 41653  
  
606-888-9193  
606-889-9196 FAX

Invoice Date 10/30/2007  
Invoice Number 20071030  
Prod End Date 9/30/2007 ✓  
  
Due Date 11/25/2007

	Mcf	Dth	Price	Gross
KWW 187-S	2.00	3.00	\$ 5.500	16.50
KWW 39	442.23	551.03	\$ 5.500	3,030.64
KWW 39B	4.00	5.07	\$ 5.500	27.87
KWW 39C	607.89	654.30	\$ 5.500	3,588.67
KWW 39D	50.46	63.08	\$ 5.500	346.93
KWW 4m26	38.00	43.99	\$ 5.500	241.95
	<u>1,044.58</u>	<u>1,320.47</u>		

Gas Total	\$ 7,262.56
0.7251 KWW Gathering	\$ 957.47
163 KWW Fuel (11%)	\$ 897.62
<b>Total Due</b>	<b>\$ 9,117.65</b>

Pd 11/19/2007  
CK# 14679  
\$ 9,117.65

### Quality Natural Gas, LLC

PO Box 400  
Allen, KY 41601

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kuzeronilling.com)

#### Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer **East Kentucky Utilities**  
PO Box 400  
Prestonsburg, KY 41653  
606-866-9193  
606-889-0196 FAX

Invoice Date **12/7/2007**  
Invoice Number **2007127**  
Prod End Date **12/31/2007**  
Due Date **12/25/2007**

	Mcf	Dth	Price	Gross
KVV 181 S	4.00	6.00	\$ 5.500	33.00
KVV 189	2,026.82	2,625.48	\$ 5.500	13,900.14
KVV 39B	123.00	155.84	\$ 5.500	857.13
KVV 39C	1,180.02	1,484.42	\$ 5.500	8,190.31
KVV 39D	79.67	99.85	\$ 5.500	549.16
KVV 1525	113.00	131.00	\$ 5.500	720.50
	<u>3,506.71</u>	<u>4,412.59</u>		

Gas Total	\$ 24,269.24
0.7251 KVV Gathering	\$ 3,199.57
645 KVV Fuel (11%)	\$ 2,999.57
<b>Total Due</b>	<b>\$ 30,468.38</b>

*Pd 12/11/2007  
CK # 14701  
\$ 30,468.38*

# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzerdrilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KWV meters at the rate of \$5.50/mmBtu

Buyer **East Kentucky Utilities**  
PO Box 408  
  
Prestonsburg KY 41653  
  
606-886-9193  
606-889-0106 FAX

Invoice Date 1/3/2008  
Invoice Number 200813  
Prod. End Date 11/30/2007  
  
Due Date 1/25/2008

	Mcf.	Dth	Price	Gross
KWV 181-S	15.00	24.84	\$ 5.500	135.62
KWV 39	5,174.61	6,447.69	\$ 5.500	35,462.30
KWV 39B	935.00	1,184.65	\$ 5.500	6,515.58
KWV 39C	2,563.40	3,431.17	\$ 5.500	18,871.44
KWV 39D	212.97	266.25	\$ 5.500	1,464.36
KWV 4m26	361.00	417.85	\$ 5.500	2,296.23
	<u>9,361.98</u>	<u>11,772.46</u>		

Gas Total	\$ 64,748.65
0.7251 KWV Gathering	\$ 8,536.21
1.455 KWV Fuel (11%)	\$ 9,002.63
<b>Total Due</b>	<b>\$ 81,287.39</b>

\*

Pd 01/29/2008  
CHK# 14742  
\$ 81,287.39

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# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601

606-874-6041 x27  
606-874-2203 fax

Attn: Patrick McNamara (mcnamara@kinzerdrilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer East Kentucky Utilities  
PO Box 408  
  
Prestonsburg, KY 41653  
  
606-886-9193  
606-889-9196 FAX

Invoice Date 2/14/2008  
Invoice Number 2008214  
Prod End Date 12/31/2007 ✓  
  
Due Date 02/25/2008

	Mcf	Dth	Price	Gross
KVV 1B1-S	-	0.00	\$ 5.500	-
KVV 39	3,361.62	4,188.66	\$ 5.500	23,037.63
KVV 39B	1,591.00	2,015.80	\$ 5.500	11,086.90
KVV 39C	3,132.30	4,035.26	\$ 5.500	22,193.88
KVV 39D	301.47	376.89	\$ 5.500	2,072.90
KVV 4m25	508.00	588.02	\$ 5.500	3,234.11
	<u>8,894.39</u>	<u>11,204.62</u>		
		Gas Total	\$ 61,625.42	
		0.7251 KVV Gathering	\$ 8,124.47	
		1.38484 KVV Fuel (11%)	\$ 7,616.62	
		<b>Total Due</b>	<b>\$ 77,366.51</b>	

PAID 02/20/2008  
CHECK # 14773  
AMOUNT \$77,366.51



### Quality Natural Gas, LLC

PO Box 480  
Allen KY 41801

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzerdrilling.com)

#### Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer East Kentucky Utilities  
PO Box 408  
  
Prestonsburg, KY 41653  
  
606-886-9193  
606-889-9196 FAX

Invoice Date 3/6/2008  
Invoice Number 200836  
Prod End Date 1/31/2008 ✓  
  
Due Date 3/25/2008

	Mcf	Dth	Price	Gross
KVV 181-S	-		\$ 5.500	
KVV 39	4,805	5,387	\$ 5.500	22,928.50
KVV 39B	2,873	3,640	\$ 5.500	20,020.00
KVV 39C	3,878	4,995	\$ 5.500	21,478.50
KVV 39D	419	524	\$ 5.500	2,882.00
KVV 4m26	685	793	\$ 5.500	4,361.50
	<u>12,680</u>	<u>15,940</u>		

Gas Total	\$ 87,670.00
0.7251 KVV Gathering	\$ 11,558.09
1.97011 KVV Fuel (1.1%)	\$ 10,835.61
<b>6.90 Total Due</b>	<b>\$ 110,063.70</b>

PAID 03/20/2008  
CHECK # 14805  
AMOUNT \$110,063.70



### Quality Natural Gas, LLC

PO Box 480  
Allen, KY 47601

606-874-6044 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzdrilling.com)

#### Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008.

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer East Kentucky Utilities  
PO Box 408  
  
Prestonsburg KY 41653  
  
606 886-9153  
606-889-9186 FAX

Invoice Date 4/3/2008  
Invoice Number 200843  
Prod. End Date 2/29/2008  
  
Due Date 4/25/2008

	Mcf	Dth	Price	Gross
KVV 181-S	-	-	\$ 5.500	
KVV 39	3,804	4,839	\$ 5.500	26,614.50
KVV 39B	2,191	2,778	\$ 5.500	15,268.00
KVV 39C	3,234	4,166	\$ 5.500	22,913.00
KVV 39D	334	418	\$ 5.500	2,299.00
KVV 4m26	536	620	\$ 5.500	3,412.00
	<u>10,179</u>	<u>12,819</u>		
			Gas Total	\$ 70,504.50
			0.7251 KVV Gathering	\$ 9,295.06
			1.58437 KVV Fuel (11%)	\$ 8,714.04
			6.90 Total Due	\$ 88,513.60

PAID 04/22/2008  
CHECK # 14840  
AMOUNT \$88,513.60

# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601

606-874-8044 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzereilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer: **East Kentucky Utilities**  
PO Box 408  
  
Prestonsburg KY 41653  
  
606-886-9193  
606-885-9196 FAX

Invoice Date: **5/13/2008**  
Invoice Number: **2008513**  
Prod End Date: **3/31/2008**  
  
Due Date: **5/25/2008**

	Mcf	Dth	Price	Gross
KVV 181-S	-	-	\$ 5.500	
KVV 39	2,815	3,632	\$ 5.500	18,976.00
KVV 39B	1,451	1,838	\$ 5.500	10,109.00
KVV 39C	2,813	3,623	\$ 5.500	19,929.50
KVV 39D	255	319	\$ 5.500	1,754.50
KVV 4m26	450	521	\$ 5.500	2,865.50
	<u>7,884</u>	<u>9,933</u>		
		Gas Total		\$ 54,831.50
		0.7251 KVV Gathering		\$ 7,202.42
		1.22767 KVV Fuel (11%)		\$ 6,752.19
		6.90 Total Due		\$ 68,586.11

PAID 05-23-2008  
CHECK # 14875  
AMOUNT \$68,586.11

Jun 19 2008 12:07PM

Kinzer Drilling

No 2552 P 1

### Quality Natural Gas, LLC

PO Box 480  
Allen KY 41601

606-874-8044 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzerdrilling.com)

### Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu.

Buyer East Kentucky Utilities  
PO Box 408  
  
Prestonsburg KY 41653  
  
606-886-9193  
606-889-9196 FAX

Invoice Date 8/19/2008  
Invoice Number 2008619  
Prod End Date 4/30/2008  
  
Due Date 6/25/2008

	Mcf	Dth	Price	Gross
KVV 1B1-S	0.00	0.00	\$ 5.500	-
KVV 39	1,260.64	1,570.79	\$ 5.500	8,639.35
KVV 39E	286.00	362.36	\$ 5.500	1,992.98
KVV 39C	1,657.46	2,135.25	\$ 5.500	11,743.88
KVV 39D	107.89	135.00	\$ 5.500	742.50
KVV 4m26	189.00	218.77	\$ 5.500	1,203.24
	<u>3,501.09</u>	<u>4,422.17</u>		
		Gas Total	\$ 24,321.95	
		0.7251 KVV Gathering	\$ 3,206.52	
		546.56 KVV Fuel (11%)	\$ 3,006.09	
		6.90 Total Due	\$ 30,534.55	

PAID 06/30/2008  
CHECK # 14915  
AMOUNT \$30,534.55

JUL 1 2006 11 27AM

Kinzer Drilling

No 2701 P 1

# Quality Natural Gas, LLC

PO Box 480  
Allen, KY 41601

606-874-8041 x27  
606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzerdrilling.com)

## Invoice for Natural Gas Sold Contract for May 1, 2007 through April 30, 2008

Gas sales @ KVV meters at the rate of \$5.50/mmBtu

Buyer **East Kentucky Utilities**  
PO Box 408  
  
Prestonsburg, KY 41653  
  
606-886-6807  
606-889-9196 FAX

Invoice Date **7/1/2008**  
Invoice Number **200871**  
Prod End Date **5/31/2008**  
  
Due Date **7/25/2008**

	Mcf	Dth	Price	Gross
KVV 187-S	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
KVV 39				
KVV 39B				
KVV 39C				
KVV 39D				
KVV 4m26	1,953.54	2,469.90	9.44	
			Gas Total	\$ 23,315.86
			0.7251 KVV Gathering	\$ 1,790.92
			305.27 KVV Fuel (1.1%)	\$ 2,881.15
			11.33 Total Due	\$ 27,988.53