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PUBLIC SERVICE
COMMISSION

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

November 5, 2008

Post-it* Fax Note	7371	Date	11/5	# of pages	7
To	Stephanie Stumbo		From	Kty Frnt Gas	
Co./Dept.	KY PSC		Co.		
Phone #			Phone #	303-422-3400	
Fax #	502-564-3460		Fax #	303-422-6105	

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

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

2008-465

Dear Ms. Stumbo:

On behalf of East Kentucky Utilities, Inc. we are filing for Gas Cost Recovery for the period commencing December 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 is the Inside FERC Columbia Appalachia First of Month rate less 20%. We are also charged a gathering fee of \$0.7251 per Dth plus 11% fuel. Actual costs for May through August, 2008 are shown on the enclosed fax from Quality Natural Gas, LLC.

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
for Kentucky Frontier Gas, LLC
Ph: 303-422-3400

FOR ENTIRE AREA SERVED
Community, Town or City

P.S.C. KY. NO. _____

101ST SHEET NO. 1

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

100TH SHEET NO. 1

(Name of Utility)

RATES AND CHARGES

RATE SCHEDULE: APPLICABLE IN ALL TERRITORY SERVED BY COMPANY

AVAILABILITY OF SERVICE: FOR ALL RESIDENTIAL AND COMMERCIAL PURPOSES

RATES: MONTHLY	BASE RATE	GAS COST	
		RECOVERY RATE	TOTAL RATE
FIRST MCF	\$10.00	\$ 7.6246	\$17.6246
ALL OVER 1 MCF	\$ 5.2553	\$ 7.6246	\$12.8799
<u>MINIMUM BILL</u>	\$17.6246		

DATE OF ISSUE _____
Month / Day / Year

DATE EFFECTIVE DECEMBER 1, 2008
Month / Day / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

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

_____. Company Name _____

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: NOVEMBER 5, 2008

Date Rates to be Effective: DECEMBER 1, 2008

Reporting Period is Calendar Quarter Ended: AUGUST 31, 2008

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.4017
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	0.2229
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)		7.6246

GCR to be effective for service rendered from 12/01/08 to 03/01/09

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	400,685
÷ Sales for the 12 months ended <u>AUGUST 31, 2008</u>	Mcf	54,134
= Expected Gas Cost (EGC)	\$/Mcf	7.4017
<u>B. 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. 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. 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)	\$/Mcf	

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended _____

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
QUALITY NATURAL GAS LLC			61,865	7.3077	452,091

Totals _____ 61,865 _____ 452,091

Line loss for 12 months ended AUGUST 31, 2008 is 12.5 % based on purchases of
61,865 Mcf and sales of 54,134 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.3077 **
x Allowable Mcf Purchases (must not exceed Mcf sales + .95)	Mcf	56,983
= Total Expected Gas Cost (to Schedule IA)	\$	400,685

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached. - NYMEX futures average of (12/08 + 1/09 + 2/09) + \$0.30 (basis) + \$0.7251 (gath'ng) + 11% (Fuel).

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended _____ (reporting period)

Particulars	Unit	Month 1 (Jun. '08)	Month 2 (Jul. '08)	Month 3 (Aug. '08)
Total Supply Volumes Purchased	Mcf	991	919	979
Total Cost of Volumes Purchased	\$	14,821	14,802	11,008
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	975	1034	959
= Unit Cost of Gas	\$/Mcf	15.2010	13.6550	11.4786
- EGC in effect for month	\$/Mcf	9.4642	9.4642	9.4642
= Difference [(over-)/Under-Recovery]	\$/Mcf	5.7368	4.1908	2.0144
x Actual sales during month	Mcf	975	1034	959
= Monthly cost difference	\$	5593	4543	1932
			<u>Uni</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	12,068
÷ Sales for 12 months ended			Mcf	54,134
= Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	0.2229

QUALITY NATURAL GAS, LLC
SUMMARY OF EAST KY UTILITIES SALES

DATE	TOTAL MCF	TOTAL DTH	RATE	GAS GROSS	KWV GATH	KWV FUEL	TOTAL DUE
5/31/2008	1,954	2,470	\$ 9.44	\$ 23,315.86	\$ 1,790.92	2,881.75	\$ 27,988.53
6/30/2008	991	1,252	\$ 9.89	\$ 12,382.28	\$ 907.83	1,530.38	\$ 14,820.49
7/31/2008	909	1,148	\$ 10.33	\$ 12,432.84	\$ 832.41	1,536.67	\$ 14,801.92
8/31/2008	879	1,174	\$ 7.70	\$ 9,039.80	\$ 851.27	1,117.27	\$ 11,008.34

FAX

TO: DENNIS HORNER

303-422-6105

From: PATRICK McNAMEE