

**EAST KENTUCKY UTILITIES**

P. O. BOX 408  
PRESTONBURG, KY 41653

**RECEIVED**

FEB 5 2009

PUBLIC SERVICE  
COMMISSION

January 30, 2009

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

Re: Gas Cost Recovery Rate  
East Kentucky Utilities

Gentlemen:

2009-00050

On behalf of East Kentucky Utilities (EKU) we are filing for Gas Cost Recovery for the period commencing March 1, 2009.

Enclosed is a "Rates and Charges" form and related calculations on which we base our request for rate changes. The cost of gas from EKU's supplier is the Inside FERC Columbia Appalachia First of Month Index less 20%. They also apply a gathering charge of \$0.7251/Dth plus 11% fuel. Copies of invoices from Quality Natural Gas LLC for September, October and November, 2008 are enclosed.

If you have any questions, please feel free to call at 303-422-3400.

Sincerely,

EAST KENTUCKY UTILITIES



Robert J. Oxford, Member  
Kentucky Frontier Gas, LLC

FOR ENTIRE AREA SERVED

Community, Town or City

P.S.C. KY. NO.

~~101st~~  
102nd

SHEET NO. 1

CANCELLING P.S.C. KY. NO.

~~101st~~  
101st

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:	<u>BASE RATE</u>	<u>GAS COST RECOVERY RATE</u>	<u>TOTAL RATE</u>
FIRST MCF	\$10.00	\$7.0303	\$17.0303
ALL OVER 1 MCF	\$5.2553	\$7.0303	\$12.2856
MINIMUM BILL	\$17.0303		

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

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

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

TITLE \_\_\_\_\_

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

**East Kentucky Utilities  
Actual Gas Purchased**

<u>Mo/Yr</u>	<u>MCF</u>	<u>Dth</u>	<u>(\$)</u>
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
Jun-08	991	1,252	14,821
Jul-08	909	1,148	14,802
Aug-08	979	1,174	11,008
Sep-08	987	1,250	10,555
Oct-08	3,813	4,819	36,740
Nov-08	8,993	11,334	76,859
<b>Totals</b>	<b>61,744</b>	<b>77,766</b>	<b>567,840</b>

**East Kentucky Utilities  
Actual Gas Sales**

<u>Mo/Yr</u>	<u>MCF</u>	<u>Dth</u>	<u>\$</u>	<u>\$/MCF</u>
Dec-07	6,696		79,640	11.89367
Jan-08	13,362		154,382	11.55381
Feb-08	9,170		107,286	11.69967
Mar-08	7,676		90,615	11.80498
Apr-08	3,682		45,933	12.47501
May-08	2,295		31,131	13.56471
Jun-08	975		19,022	19.50974
Jul-08	1,084		19,943	18.3976
Aug-08	959		18,856	19.66215
Sep-08	1,062		25,166	23.6968
Oct-08	1,623		30,071	18.52803
Nov-08	7,691		121,739	15.82876
<b>Totals</b>	<b>56,275</b>		<b>743,784</b>	<b>189</b>

# 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

FOM - Columbia Appalachia less 20% - Month to Month contract beginning 5/1/2008

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

Invoice Date **11/18/2008**  
Invoice Number **20081118**  
Prod End Date **9/30/2008**  
  
Due Date **11/25/2008**

	Mcf	Dth	Price	Gross
KWV 181-S	-	-		
KWV 39	396.00	494.00		
KWV 39B	-	-		
KWV 39C	556.00	716.00		
KWV 39D	-	-		
KWV 4m26	35.00	40.00		
	<b>987.00</b>	<b>1,250.00</b>	<b>\$ 6.87</b>	
			Gas Total	\$ 8,587.50
		0.7251	KWV Gathering	\$ 906.38
		154.49	KWV Fuel (11%)	\$ 1,061.35
		8.44	Current Due	<b>\$ 10,555.23</b>
		PROD PER		
<b>REMAINING BALANCES DUE</b>		8/31/2008		\$ 11,008.34
				\$ -
			<b>Total Due</b>	<b>\$ 21,563.57</b>

303-422-6105

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

Invoice Date **12/22/2008**  
Invoice Number 20081222  
Prod End Date 10/31/2008  
  
Due Date 12/25/2008

	Mcf	Dth	Price	Gross
KWV 181-S	-	-		
KWV 39	1,381.00	1,721.00		
KWV 39B	375.00	475.00		
KWV 39C	1,776.00	2,289.00		
KWV 39D	92.00	119.00		
KWV 4m26	189.00	215.00		
	<b>3,813.00</b>	<b>4,819.00</b>	<b>\$ 6.14</b>	
			Gas Total	\$ 29,588.66
		0.7251	KWV Gathering	\$ 3,494.26
		595.61	KWV Fuel (11%)	\$ 3,857.05
		7.62	Current Due	<b>\$ 36,739.97</b>
		PROD PER		
Previous unpaid balance		8/31/2008		\$ 11,008.34
		9/30/2008		\$ 10,555.23
		Total Due		<b>\$ 58,303.54</b>

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FOM - Columbia Appalachia less 20% - Month to Month contract beginning 5/1/2008

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

Invoice Date **12/29/2008**  
Invoice Number 20081229  
Prod End Date 11/30/2008  
  
Due Date 1/25/2009

	Mcf	Dth	Price	Gross
KWV 181-S	-	-		
KWV 39	3,521.00	4,387.00		
KWV 39B	1,788.00	2,265.00		
KWV 39C	2,933.00	3,778.00		
KWV 39D	302.00	394.00		
KWV 4m26	449.00	510.00		
	<b>8,993.00</b>	<b>11,334.00</b>	<b>\$ 5.39</b>	
			Gas Total	\$ 61,090.26
		0.7251	KWV Gathering	\$ 8,218.28
		1,400.83	KWV Fuel (11%)	\$ 7,550.47
		6.78	Current Due	<b>\$ 76,859.01</b>
Previous unpaid balance	PROD PER 10/31/2008			\$ 36,739.97
			<b>Total Due</b>	<b><u>\$ 113,598.98</u></b>

Company Name

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed:

January 29, 2008

Date Rates to be Effective:

March 1, 2009

Reporting Period is Calendar Quarter Ended:

November 30, 2008



SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.7563
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	0.2740
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)		<u>7.0303</u>

GCR to be effective for service rendered from March 1, 2009 to June 1, 2009

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	380,213
+ Sales for the 12 months ended <u>Nov. 30, 2008</u>	Mcf	<u>56,275</u>
= Expected Gas Cost (EGC)	\$/Mcf	<u>6.7563</u>

<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	-0.0354
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.3054
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
= Actual Adjustment (AA)	\$/Mcf	<u>0.2740</u>

<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 Nov. 30, 2008

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Quality Natural Gas LLC			61,744	6.4185	396,304

Totals 61,744 396,304

Line loss for 12 months ended Nov. 30, 2008 is 8.86 % based on purchases of 61,744 Mcf and sales of 56,275 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	<u>6.4185</u>
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	<u>59,237</u>
= Total Expected Gas Cost (to Schedule IA)	\$	<u>380,213</u>

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

\*\*~~Supplier's tariff sheets or notices are attached.~~ NYMEX futures avg. of 3/09, 4/09 and 5/09 plus \$0.30 basis minus 20% + 0.7251(gath'g)+11% (fuel) times 1.259 MMBTU/MCF= \$6.4185

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended Nov. 30, 2008 (reporting period)

Particulars	Unit	Month 1	Month 2	Month 3
		<u>Sep08</u>	<u>Oct08</u>	<u>Nov08</u>
Total Supply Volumes Purchased	Mcf	987	3813	8993
Total Cost of Volumes Purchased	\$	10,555	36,740	76,859
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	1062	1623	7691
			(95%) 3622	(95%) 8543
= Unit Cost of Gas	\$/Mcf	9.9388	10.1426	8.9967
- EGC in effect for month	\$/Mcf	9.4642	9.4642	9.4642
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.4746	0.6784	-0.4675
x Actual sales during month	Mcf	1062	1623	7691
= Monthly cost difference	\$	504	1101	-3596
Total cost difference (Month 1 + Month 2 + Month 3)			Unit	Amount
÷ Sales for 12 months ended <u>Nov. 30, 2008</u>			\$	-1991
= Actual Adjustment for the Reporting Period (to Schedule IC.)			Mcf	56,275
			\$/Mcf	-0.0354