

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF) CASE NO. 2009-00050
EAST KENTUCKY UTILITIES, INC.)

ORDER

On March 11, 2005, in Case No. 2005-00032,¹ 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 February 5, 2009, East Kentucky filed its proposed GCA to be effective March 1, 2009.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. East Kentucky's notice includes revised rates designed to pass on to its customers its expected change in gas costs.
2. East Kentucky's notice sets out an expected gas cost ("EGC") of \$6.7563 per Mcf, which is a decrease of \$.936 per Mcf from its previous EGC of \$7.6923.
3. East Kentucky's notice sets out no refund adjustment.

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

4. East Kentucky's notice sets out a current quarter actual adjustment ("AA") of (\$.0354) per Mcf. East Kentucky's notice sets out a total AA of \$.2740 per Mcf. However, East Kentucky incorrectly reported the AA for the two previous quarters. Correcting for this error produces a total AA of \$.6236, which is \$.0354 per Mcf less than the previous total AA of \$.6590.

5. East Kentucky's notice sets out no current quarter balance adjustment ("BA"). East Kentucky's total BA is 0 cents per Mcf, which is no change from the previous total BA.

6. East Kentucky's GCA is \$7.3799 per Mcf, which is \$.9714 per Mcf less than the previous rate of \$8.3513.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by East Kentucky on and after March 1, 2009.

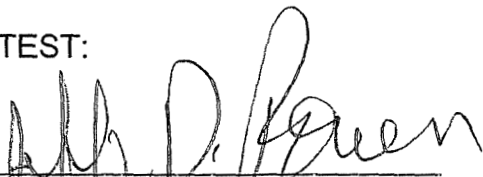
IT IS THEREFORE ORDERED that:

1. East Kentucky's proposed rates are denied.
2. The rates in the Appendix to this Order are approved for service rendered on and after March 1, 2009.
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 24th day of February, 2009.

By the Commission

ATTEST:



Executive Director

Case No. 2009-00050

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00050 DATED FEBRUARY 24, 2009

The following rates and charges are prescribed for the customers 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>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf	\$10.00	\$7.3799	\$17.3799
All Over 1 Mcf	\$5.2553	\$7.3799	\$12.6352

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