



December 10, 2009

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfurt, KY 40602-0615

RECEIVED

DEC 11 2009

PUBLIC SERVICE
COMMISSION

Re: Gas Cost Adjustment
Kentucky Frontier Gas, LLC
dba East Kentucky Utilities, Inc.

Dear Mr. Derouen:

2009-00491

On behalf of Kentucky Frontier Gas, LLC dba, East Kentucky Utilities, Inc. (EKU) we are filing for Gas Cost Adjustment for the period commencing January 1, 2010.

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 rate times 80%. They also apply a gathering charge of \$0.7251/Dth plus 11% fuel. Copies of invoices from Quality Natural Gas LLC for June, July, August and September 2009 are enclosed.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba EAST KENTUCKY UTILITIES, INC.

A handwritten signature in black ink that reads "Dennis R. Horner".

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosures

Company Name

East Kentucky Utilities, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: December 10, 2009

Date Rates to be Effective: January 1, 2010

Reporting Period is Calendar Quarter Ended: September 30, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 7.2879
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (1.4289)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		\$ 5.8590

GCR to be effective for service rendered from January 1, 2010 to March 31, 2010

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 487,089.39
/	Sales for the 12 months ended September 30, 2009	Mcf	66,835
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 7.2879
<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 (Sch. IV)	\$/Mcf	\$ (0.0000)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (1.0971)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.2964)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0354)
=	Actual Adjustment (AA)	\$/Mcf	\$ (1.4289)
<u>D</u>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. 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	\$ -

East Kentucky Utilities, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual *MCF Purchases for 12 months ended September 30, 2009

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			65,318	\$ 7.4572	\$ 487,089.39
					\$ -
Totals			65,318		\$ 487,089.39

Line loss 12 months ended September 30, 2009 is -2.32% based on purchases of 65,318 Mcf and sales of 66,835 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 487,089
/ Mcf Purchases (4)	Mcf	65,318
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 7.4572
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	65,318
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 487,089

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

** Supplier's tariff sheets or notices are attached

East Kentucky Utilities, Inc.

Schedule IV
Actual Adjustment

For the 4 month period ending September 30, 2009

Particulars	Unit	Month 1	Month 2	Month 3	Month 4
		Jun-09	Jul-09	Aug-09	Sep-09
Total Supply Volumes Purchased	Mcf	1,042	999	939	1,028
Total Cost of Volumes Purchased	\$	\$ 5,279	\$ 5,553	\$ 4,553	\$ 4,289
(divide by) Total Sales (not less than 95% of supply)	Mcf	1,593	1,236	1,003	977
(equals) Unit Cost of Gas	\$/Mcf	\$ 6.0334	\$ 6.0334	\$ 6.0334	\$ 6.0334
(minus) EGC in effect for month	\$/Mcf	\$ 6.1190	\$ 6.1190	\$ 6.1190	\$ 5.6173
(equals) Difference	\$/Mcf	\$ (0.0856)	\$ (0.0856)	\$ (0.0856)	\$ 0.4161
(times) Actual sales during month	Mcf	1,593	1,236	1,003	787
(equals) Monthly cost difference	\$	\$ (136.36)	\$ (105.80)	\$ (85.86)	\$ 327.47
Total cost difference	Unit				Amount
(divide by) Sales for 12 Months ended September 30, 2009	Mcf				\$ (0.55)
(equals) Actual Adjustment for the Reporting Period					\$ 66,835
(plus) Over-recovery component from collections through expired AAs					\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)					\$ (0.0000)

**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	21,564
Oct-08	3,813	4,819	36,740
Nov-08	8,993	11,334	76,859
Dec-08	11,694	14,757	105,211
Jan-09	13,756	17,324	112,807
Feb-09	10,035	12,550	63,810
Mar-09	7,248	9,054	41,762
Apr-09	4,168	5,187	21,828
May-09	1,603	1,995	8,395
Jun-09	1,042	1,314	5,279
Jul-09	999	1,259	5,553
Aug-09	939	1,183	4,553
Sep-09	1,028	1,283	4,289
Oct-09			
Nov-09			
Dec-09			

Totals

114,256 143,672 952,336

Purchases Ended September 30, 2009

MCF	\$	\$/MCF
65,318	487,086	7.4572

Quality Natural Gas, LLC

For EKY

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

Buyer: Kentucky Fronter Gas, LLC
PO Box 408

Prestonsburg, KY 41653

606-886-6807
606-889-9196 FAX

Invoice Date 8/25/2009
Invoice Number 2009825KFG
Prod End Date 6/30/2009

Due Date 9/9/2009

		Mcf	Dth	Gross	KWV		TOTAL
					GATH	KWV FUEL	
EAST KY UTILITIES	KWV 39	429.00	551.00	\$ 1,614.43	\$ 399.53	\$ 199.53	2,213.49
EAST KY UTILITIES	KWV 39B	12.00	15.00	\$ 43.95	\$ 10.88	\$ 5.42	60.25
EAST KY UTILITIES	KWV 39C	515.00	648.00	\$ 1,898.64	\$ 469.86	\$ 234.66	2,603.16
EAST KY UTILITIES	KWV 39D	44.00	54.00	\$ 158.22	\$ 39.16	\$ 19.54	216.92
EAST KY UTILITIES	KWV 39E	-	-	\$ -	\$ -	\$ -	-
EAST KY UTILITIES	KWV 4m26 4042	42.00	4314	\$ 134.78	\$ 33.35	\$ 16.67	184.80
							2157 (11.7)
							5278.62

Quality Natural Gas, LLC

PO Box 480
Allen, KY 41601

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Attn: Patrick McNamee (mcnamee@kinzdrilling.com)

Invoice for Natural Gas Sold

Buyer: Kentucky Fronter Gas, LLC
PO Box 408
Prestonsburg, KY 41653
606-886-6807
606-889-9196 FAX

Invoice Date: 9/18/2009
Invoice Number: 2009918KFG
Prod End Date: 7/31/2009
Due Date: 10/3/2009

		Mcf	Dth	Gross	KWV GATH	KWV FUEL	TOTAL
EAST KY UTILITIES	KWV 39	427.00	549.00	\$ 1,800.72	\$ 398.08	\$ 222.55	2,421.35
EAST KY UTILITIES	KWV 39B	-	-	\$ -	\$ -	\$ -	-
EAST KY UTILITIES	KWV 39C	478.00	602.00	\$ 1,974.56	\$ 436.51	\$ 244.03	2,655.10
EAST KY UTILITIES	KWV 39D	45.00	55.00	\$ 180.40	\$ 39.88	\$ 22.30	242.58
EAST KY UTILITIES	KWV 39E	-	-	\$ -	\$ -	\$ -	-
EAST KY UTILITIES	KWV 4m26	999 49.00	1,259 53.00	\$ 173.84	\$ 38.43	\$ 21.48	233.75

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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

Buyer Kentucky Fronter Gas, LLC
PO Box 408

Prestonsburg, KY 41653

606-886-6807
606-889-9196 FAX

Invoice Date 10/23/2009
Invoice Number 20091023KFG
Prod End Date 8/31/2009

Due Date 11/7/2009

		Mcf	Dth	Gross	KWV		TOTAL
					GATH	KWV FUEL	
EAST KY UTILITIES	KWV 39	396.00	508.00	\$ 1,412.24	\$ 368.35	\$ 174.56	1,955.15
EAST KY UTILITIES	KWV 39B	-	-	\$ -	\$ -	\$ -	-
EAST KY UTILITIES	KWV 39C	455.00	573.00	\$ 1,592.94	\$ 415.48	\$ 196.88	2,205.30
EAST KY UTILITIES	KWV 39D	46.00	56.00	\$ 155.68	\$ 40.61	\$ 19.24	215.53
EAST KY UTILITIES	KWV 39E	-	-	\$ -	\$ -	\$ -	-
EAST KY UTILITIES	KWV 4m26	<u>939</u> 42.00	<u>1,183</u> 46.00	\$ 127.88	\$ 33.35	\$ 15.82	<u>177.05</u>

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PO Box 480
Allen, KY 41601

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606-874-2203 fax

Attn: Patrick McNamee (mcnamee@kinzerdrilling.com)

Invoice for Natural Gas Sold

Buyer: Kentucky Frontier Gas, LLC
PO Box 408

Prestonsburg, KY 41653

606-886-6807
606-889-9196 FAX

Invoice Date 11/10/2009
Invoice Number 20091110KFG
Prod End Date 9/30/2009

Due Date 11/25/2009

		Period	Mcf	Dth	Gross	KWV		TOTAL
						GATH	KWV FUEL	
EAST KY UTILITIES	KWV 39	9/30/2009	400.00	500.00	\$ 1,165.00	\$ 362.55	\$ 143.99	1,671.54
EAST KY UTILITIES	KWV 39B	9/30/2009	4.00	5.00	\$ 11.65	\$ 3.63	\$ 1.44	16.72
EAST KY UTILITIES	KWV 39C	9/30/2009	531.00	670.00	\$ 1,561.10	\$ 485.82	\$ 192.95	2,239.87
EAST KY UTILITIES	KWV 39D	9/30/2009	51.00	62.00	\$ 144.46	\$ 44.96	\$ 17.85	207.27
EAST KY UTILITIES	KWV 39E	9/30/2009	-	-	\$ -	\$ -	\$ -	-
EAST KY UTILITIES	KWV 4m26	9/30/2009	1,028	1,253	\$ 42.00	\$ 46.00	\$ 13.26	153.79
BELFRY-PRICE	KWV 73	9/30/2009						