

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF)	CASE NO. 98-280-B
EAST KENTUCKY UTILITIES, INC.)	

ORDER

On December 14, 1998, in Case No. 98-280, 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 April 23, 2001, East Kentucky filed its GCA to be effective August 1, 2001.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. East Kentucky's contract with Equitable Resources Marketing Company ("EREC") contains a pricing provision that increases the cost of gas purchased from EREC from \$3.03 to \$6.00 per Dekatherm effective August 1, 2001.

2. East Kentucky's notice includes revised rates designed to pass on to its customers its expected increase in wholesale gas costs. East Kentucky's expected gas cost is \$7.7338 per Mcf, which represents an increase of \$4.0141 per Mcf above its current gas cost. This reflects the high heat content of the gas supplied by EREC.

3. The rates in the Appendix to this Order are fair, just and reasonable, in the public interest, and should be approved for service rendered by East Kentucky on and after August 1, 2001.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after August 1, 2001.

2. 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 July, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 98-280-B DATED JULY 24, 2001

The following rates and charges are prescribed for the customers in the area 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.

RATES: Monthly

First Mcf	\$14.2255
All Over 1 Mcf	11.1107
Minimum Bill	\$ 14.23

A surcharge in the amount of \$.8048 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged or is recalculated.

The base rate for the future application of the purchased gas adjustment clause of East Kentucky Utilities, Inc. shall be:

Commodity

EREC	\$6.00 per Dth
Southeastern Gas Company	\$3.50 per Mcf