

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF)	CASE NO. 2005-00439
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 October 27, 2005, East Kentucky filed its proposed GCA to be effective November 1, 2005. East Kentucky requests a waiver of the 30-day notice period in order to put rates into effect by November 1, 2005. KRS 278.180 permits the Commission to shorten the required notice period for good cause. In the case of an increase, however, the Commission can only shorten the notice period to 20 days. Rates, therefore, would be effective November 16, 2005, rather than November 1, 2005. The Commission finds that East Kentucky's request to shorten the notice period should be granted.

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

¹ Case No. 2005-00032, Purchased Gas Adjustment of East Kentucky Utilities, Inc.

1. East Kentucky's wholesale natural gas contract with Equitable Energy, LLC ("EE") provides for an increase in the cost of gas purchased from EE from \$10.80 per Dth to \$15.80 per Dth, effective November 1, 2005, through January 1, 2006.

2. East Kentucky's notice includes revised rates designed to pass on to its customers its expected increase in wholesale gas costs. Based on the high Btu content of the gas supplied by EE, East Kentucky's proposed expected gas cost ("EGC") is \$20.8209 per Mcf. East Kentucky incorrectly added an additional cost to its purchases for its 4.7 percent line loss. Since the Commission allows all line loss equal to or below 5 percent to be passed through within the purchased gas costs, there is no need to adjust the EGC for the line loss. Correcting for this produces an EGC of \$20.5213, an increase of \$6.3658 per Mcf above its current gas cost.

3. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing with the final meter readings beginning on November 16, 2005.

IT IS THEREFORE ORDERED that:

1. East Kentucky's proposed rates are denied.
2. East Kentucky's request to shorten the notice period from 30 days to 20 days is granted.
3. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing with final meter readings by East Kentucky beginning November 16, 2005.
4. 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 14th day of November, 2005.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00439 DATED November 14, 2005

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.

<u>RATES:</u> Monthly	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First Mcf	\$10.00	\$20.5213	\$30.5213
All Over 1 Mcf	\$ 5.2553	\$20.5213	\$25.7766

Minimum Bill \$30.5213

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

EE	\$15.80 per Dth
Southeastern Gas Company	\$ 3.50 per Mcf