

**KENTUCKY FRONTIER GAS, LLC
dba EAST KENTUCKY UTILITIES, INC.
P.O. BOX 408
PRESTONSBURG, KY 41653**

April 9, 2009

RECEIVED

APR 17 2009

PUBLIC SERVICE
COMMISSION

2009-00161

Ms. Leah Faulkner
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfurt, KY 40602-0615

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

Dear Ms. Faulkner:

On behalf of Kentucky Frontier Gas, LLC dba East Kentucky Utilities, Inc. we are filing for Gas Cost Recovery for the period commencing June 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 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 December, 2008 and January and February, 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.



Robert J. Oxford, Member
Kentucky Frontier Gas, LLC

RJO:psp

Enclosure

FOR ENTIRE AREA SERVED
Community, Town or City

P.S.C. KY. NO. 102nd

KENTUCKY FRONTIER GAS, LLC
dba EAST KENTUCKY UTILITIES
(Name of Utility)

SHEET NO. 1

CANCELLING P.S.C. KY. NO. 101st

SHEET NO. 1

RATES AND CHARGES

RATE SCHEDULE: APPLICABLE IN ALL TERRITORY SERVED BY COMPANY

AVAILABILITY OF SERVICE: FOR ALL RESIDENTIAL AND COMMERCIAL PURPOSES

RATES:	MONTHLY	BASE RATE	GAS COST RECOVERY RATE	TOTAL RATE
	FIRST MCF	\$10.00	\$ 6.4462	\$16.4462
	ALL OVER 1 MCF	\$ 5.2553	\$ 6.4462	\$11.7015
	<u>MINIMUM BILL</u>	\$16.4462		

DATE OF ISSUE _____
Month/Date/Year

DATE EFFECTIVE _____

ISSUED BY _____
(Signature of Officer)

TITLE _____

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

Company Name
KENTUCKY FRONTIER GAS, LLC
dba EAST KENTUCKY UTILITIES

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed:

April 9, 2009

Date Rates to be Effective:

June 1, 2009

Reporting Period is Calendar Quarter Ended:

February 28, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.1190
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.3272
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		<u>6.4462</u>

GCR to be effective for service rendered from June 1, 2009 to August 31, 2009

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	359,203
+ Sales for the 12 months ended <u>February 28, 2009</u>	Mcf	<u>58,703</u>
= Expected Gas Cost (EGC)	\$/Mcf	6.1190

<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	(-0.2964)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(-0.0354)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.3094
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>0.3496</u>
= Actual Adjustment (AA)	\$/Mcf	0.3272

<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)		

SCHEDULE II
EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended <u>february 28, 2009</u>					
(1)	(2)	(3)	(4)	(5)**	(6)
Supplier	Dth	BTU Conversion Factor	Mcf	Rate	(4) X (5) Cost
Quality Natural Gas			65,496	5.8130	380,728

Totals			<u>65,496</u>		<u>380,728</u>
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Line loss for 12 months ended February 29, 2009 is 10.37 % based on purchases of
65,496 Mcf and sales of 58,703 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	380,728
÷ Mcf Purchases (4)	Mcf	65,496
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.8130
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	61,793
= Total Expected Gas Cost (to Schedule IA)	\$	359,203

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

**Supplier's tariff sheets or notices are attached. NXMX futures avg. for 6/09, 7/09 and 8/09 plus \$0.30 basis times 80% plus \$0.7251 (gathering) plus 11% (fuel) times 1.260 BTU adjustment.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended February 28, 2009 (reporting period)

Particulars	Unit	Month 1 (Dec 08)	Month 2 (Jan 09)	Month 3 (Feb 09)
Total Supply Volumes Purchased	Mcf	11,694	13,756	10,035
Total Cost of Volumes Purchased	\$	105,211	112,807	63,810
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	11,109	13,068	13,602
<hr/> = Unit Cost of Gas	\$/Mcf	9.4708	8.6323	4.6912
- EGC in effect for month	\$/Mcf	7.6923	7.6923	7.6923
<hr/> = Difference [(over-)/Under-Recovery]	\$/Mcf	1.7785	0.9400	(-3.0011)
x Actual sales during month	Mcf	7,694	10,360	13,602
<hr/> = Monthly cost difference	\$	13,684	9,738	(-40,821)
		<u>Unit</u>	<u>Amount</u>	
Total cost difference (Month 1 + Month 2 + Month 3)		\$	(-17,399)	
÷ Sales for 12 months ended <u>February 28, 2009</u>		Mcf	<u>58,703</u>	
= Actual Adjustment for the Reporting Period (to Schedule IC.)		\$/Mcf	(- 0.2964)	

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 1/29/2009
Invoice Number 2009129
Prod End Date 12/31/2008 ✓

Due Date 2/25/2009

	Mcf	Dth	Price	Gross
KWV 181-S	-	-		
KWV 39	4,211.00	5,247.00		
KWV 39B	2,291.00	2,903.00		
KWV 39C	4,234.00	5,454.00		
KWV 39D	386.00	503.00		
KWV 4m26	572.00	650.00		
	11,694.00	14,757.00	\$ 5.70	
			Gas Total	\$ 84,114.90
		0.7251	KWV Gathering	\$ 10,700.30
		1,823.90	KWV Fuel (11%)	\$ 10,396.23
		7.13	Current Due	\$ 105,211.43
		PROD PER		
Previous unpaid balance		11/30/2008		\$ 76,859.01
			Total Due	<u>\$ 182,070.44</u>

12.62 B + 4/cf

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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 **4/7/2009**
Invoice Number 200947
Prod End Date 2/28/2009 ✓

Due Date 4/25/2009

	Mcf	Dth	Price	Gross
KWV 39	3,807.73	4,744.52		
KWV 39B	1,927.00	2,441.51		
KWV 39C	3,362.15	4,236.93		
KWV 39D	337.30	439.85		
KWV 39E	47.00	57.34		
KWV 4m26	554.00	629.37		
	<u>10,035.18</u>	<u>12,549.51</u>	\$ 3.88	
			Gas Total	\$ 48,692.09
			KWV Gathering	\$ 9,099.65
			KWV Fuel (11%)	\$ 6,018.11
			Current Due	\$ 63,809.85
		PROD PER		
	Previous unpaid balance	11/30/2008		\$ 76,859.01
			Total Due	<u>\$ 140,668.86</u>

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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 3/10/2009
Invoice Number 2009310
Prod End Date 1/31/2009 ✓

Due Date 3/25/2009

	Mcf	Dth	Price	Gross
KWV 39	5,359.00	6,677.00		
KWV 39B	3,128.00	3,963.00		
KWV 39C	4,059.00	5,228.00		
KWV 39D	483.00	630.00		
KWV 39E	3.00	4.00		
KWV 4m26	724.00	822.00		
	13,756.00	17,324.00	\$ 5.15	
			Gas Total	\$ 89,218.60
		0.7251	KWV Gathering	\$ 12,561.63
		2,141.17	KWV Fuel (11%)	\$ 11,027.03
		6.51	Current Due	\$ 112,807.26
		PROD PER		
Previous unpaid balance		11/30/2008		\$ 76,859.01
			Total Due	\$ 189,666.27

1259 BTU/cf