

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

RECEIVED

AUG 03 2009

PUBLIC SERVICE  
COMMISSION

2009-00323

July 30, 2009

Mr. Jeff Derouen  
Executive Director  
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 Mr. Derouen:

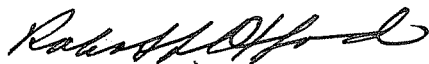
On behalf of Kentucky Frontier Gas, LLC dba, East Kentucky Utilities, Inc. (EKU) we are filing for Gas Cost Recovery for the period commencing September 1, 2009.

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 March, April and May 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:drh

Enclosures

FOR: ENTIRE AREA SERVED  
Community, Town or City

P.S.C. KY. NO. 103

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

SHEET NO. 1

CANCELING P.S. KY. NO. 102

SHEET NO. \_\_\_\_\_

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**RATES AND CHARGES**

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APPLICABLE: Entire area served

AVAILABILITY OF SERVICE: Domestic and commercial use in applicable areas.

A. MONTHLY RATES:

|                              | <u>BASE RATE</u> | <u>GCRR</u> | <u>TOTAL RATE</u> |
|------------------------------|------------------|-------------|-------------------|
| FIRST (1) MCF (MINIMUM BILL) | \$10.0000        | \$4.9139    | \$14.9139         |
| OVER 1 MCF                   | \$5.2553         | \$4.9139    | \$10.1692         |
| <u>MINIMUM BILL</u>          | \$14.9139        |             |                   |

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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: July 30, 2009

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Date Rates to be Effective: September 1, 2009

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Reporting Period is Calendar Quarter Ended: May 31, 2009

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

|   | <u>Component</u>             | <u>Unit</u> | <u>Amount</u> |
|---|------------------------------|-------------|---------------|
|   | Expected Gas Cost (EGC)      | \$/Mcf      | 6.0334        |
| + | Refund Adjustment (RA)       | \$/Mcf      | 0.0000        |
| + | Actual Adjustment (AA)       | \$/Mcf      | -1.1195       |
| + | Balance Adjustment (BA)      | \$/Mcf      | 0.0000        |
| = | Gas Cost Recovery Rate (GCR) |             | 4.9139        |

GCR to be effective for service rendered from September 1, 2009 to November 31, 2009

| A | <u>EXPECTED GAS COST CALCULATION</u>              | <u>Unit</u> | <u>Amount</u> |
|---|---|-------------|---------------|
|   | Total Expected Gas Cost (Schedule II)             | \$          | 401,237       |
| / | Sales for the 12 months ended <u>May 31, 2009</u> | Mcf         | 66,503        |
| = | Expected Gas Cost (EGC)                           | \$/Mcf      | 6.0334        |

| B | <u>REFUND ADJUSTMENT CALCULATION</u>                       | <u>Unit</u> | <u>Amount</u> |
|---|--|-------------|---------------|
|   | Supplier Refund Adjustment for Reporting Period (Sch. III) |             | 0.0000        |
| + | Previous Quarter Supplier Refund Adjustment                | \$/Mcf      |               |
| + | Second Previous Quarter Supplier Refund Adjustment         | \$/Mcf      |               |
| + | Third Previous Quarter Supplier Refund Adjustment          | \$/Mcf      |               |
| = | Refund Adjustment (RA)                                     | \$/Mcf      | 0.0000        |

| C | <u>ACTUAL ADJUSTMENT CALCULATION</u>                 | <u>Unit</u> | <u>Amount</u> |
|---|--|-------------|---------------|
|   | Actual Adjustment for the Reporting Period (Sch. IV) | \$/Mcf      | (1.0971)      |
| + | Previous Quarter Reported Actual Adjustment          | \$/Mcf      | (0.2964)      |
| + | Second Previous Quarter Reported Actual Adjustment   | \$/Mcf      | (0.0354)      |
| + | Third Previous Quarter Reported Actual Adjustment    | \$/Mcf      | 0.3094        |
| = | Actual Adjustment (AA)                               | \$/Mcf      | (1.1195)      |

| D | <u>BALANCE ADJUSTMENT CALCULATION</u>                | <u>Unit</u> | <u>Amount</u> |
|---|--|-------------|---------------|
|   | Balance Adjustment for the Reporting Period (Sch. V) | \$/Mcf      | 0.0000        |
| + | Previous Quarter Reported Balance Adjustment         | \$/Mcf      |               |
| + | Second Previous Quarter Reported Balance Adjustment  | \$/Mcf      |               |
| + | Third Previous Quarter Reported Balance Adjustment   | \$/Mcf      |               |
| = | Balance Adjustment (BA)                              | \$/Mcf      | 0.0000        |

SCHEDULE II  
EXPECTED GAS COST

Actual \*MCF Purchases for 12 months ended May 31, 2009

| (1)<br>Supplier     | (2)<br>Dth | (3)<br>BTU<br>Conversion Factor | (4)<br>Mcf | (5)**<br>Rate | (6)<br>(4) x (5)<br>Cost |
|---------------------|------------|---------------------------------|------------|---------------|--------------------------|
| Quality Natural Gas |            |                                 | 65,176     | 5.7317        | 373,569                  |
| Totals              |            |                                 | 65,176     |               | 373,569                  |

Line loss for 12 months ended May 31, 2009 is 0.00 % based on purchases of 65,176 Mcf and sales of 66,503 Mcf.

|   | Unit   | Amount  |
|---|--------|---------|
| Total Expected Cost of Purchases (6)                        | \$     | 373,569 |
| / Mcf Purchases (4)   | Mcf    | 65,176  |
| = Average Expected Cost Per Mcf Purchased                   | \$/Mcf | 5.7317  |
| x Allowable Mcf Purchases (must not exceed Mcf sales / .95) | Mcf    | 70,003  |
| =   | \$     | 401,237 |

- \* Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein  
Supplier's tariff sheets or notices are attached: NYMEX futures avg. for 9/09, 10/09 and 11/09 plus \$0.14 basis times
- \*\* 80% plus \$0.7251 (gathering) plus 11% (fuel) times 1.260 BTU adjustment.

**East Kentucky Utilities, Inc.**

Schedule IV  
Actual Adjustment

For the 3 month period ending May 31, 2009 (reporting period)

| <u>Particulars</u>                | <u>Unit</u> | <u>Month 1</u> | <u>Month 2</u> | <u>Month 3</u> |
|-----------------------------------|-------------|----------------|----------------|----------------|
|                                   |             | <u>Mar-09</u>  | <u>Apr-09</u>  | <u>May-09</u>  |
| Total Supply Volumes Purchased    | Mcf         | 7,248          | 4,168          | 1,603          |
| Total Cost of Volumes Purchased   | \$          | 41,762         | 21,828         | 8,395          |
| (divide by) Total Sales           |             |                |                |                |
| (not less than 95% of supply)     | Mcf         | 10,106         | 7,086          | 4,261          |
| (equals) Unit Cost of Gas         | \$/Mcf      | 4.1324         | 3.0804         | 1.9702         |
| (minus) EGC in effect for month   | \$/Mcf      | 6.7563         | 6.7563         | 6.7563         |
| (equals) Difference               | \$/Mcf      | (2.6239)       | (3.6759)       | (4.7861)       |
| (times) Actual sales during month | Mcf         | 10,106         | 7,086          | 4,261          |
| (equals) Monthly cost difference  | \$          | (26,517)       | (26,047)       | (20,394)       |

|   | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total cost difference   | \$          | (72,958)      |
| (divide by) Sales for 12 Months ended April 30, 2009                  | Mcf         | 66,503        |
| (equals) Actual Adjustment for the Reporting Period (to Schedule I C) | \$/Mcf      | (1.0971)      |

# 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 5/4/2009  
Invoice Number 200954  
Prod End Date 3/31/2009  
  
Due Date 5/25/2009

|          | Mcf      | Dth      | Price          | Gross        |
|----------|----------|----------|----------------|--------------|
| KWV 39   | 2,616.85 | 3,260.65 |                |              |
| KWV 39B  | 983.00   | 1,245.46 |                |              |
| KWV 39C  | 2,675.97 | 3,372.27 |                |              |
| KWV 39D  | 238.83   | 311.44   |                |              |
| KWV 39E  | 370.00   | 451.43   |                |              |
| KWV 4m26 | 363.00   | 412.38   |                |              |
|          | 7,247.65 | 9,053.64 | \$ 3.46        |              |
|          |          |          | Gas Total      | \$ 31,325.58 |
|          |          |          | KWV Gathering  | \$ 6,564.79  |
|          |          |          | KWV Fuel (11%) | \$ 3,871.71  |
|          |          |          | Current Due    | \$ 41,762.08 |

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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 8/23/2008  
Invoice Number 2009623  
Prod End Date 4/30/2009  
  
Due Date 6/25/2009

|          | Mcf      | Dth      | Price          | Gross        |
|----------|----------|----------|----------------|--------------|
| KWV 39   |          |          |                |              |
| KWV 39B  |          |          |                |              |
| KWV 39C  |          |          |                |              |
| KWV 39D  |          |          |                |              |
| KWV 39E  |          |          |                |              |
| KWV 4m26 |          |          |                |              |
|          | 4,168.00 | 5,187.00 | \$ 3.10        |              |
|          |          |          | Gas Total      | \$ 16,079.70 |
|          |          |          | KWV Gathering  | \$ 3,761.09  |
|          |          |          | KWV Fuel (11%) | \$ 1,987.38  |
|          |          |          | Current Due    | \$ 21,828.17 |



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606-874-2203 fax

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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 7/13/2009  
Invoice Number 2009713eku  
Prod End Date 5/31/2009  
  
Due Date 7/25/2009

|                | Mcf      | Dth      | Price   | Gross       |
|----------------|----------|----------|---------|-------------|
| KWV 39         | 597.38   | 744.35   |         |             |
| KWV 39B        | 4.00     | 5.07     |         |             |
| KWV 39C        | 862.78   | 1,087.26 |         |             |
| KWV 39D        | 57.61    | 69.93    |         |             |
| KWV 39E        | -        | -        |         |             |
| KWV 4m26       | 81.00    | 88.26    |         |             |
|                | 1,602.77 | 1,994.86 | \$ 3.10 |             |
| Gas Total      |          |          |         | \$ 6,184.07 |
| KWV Gathering  |          |          |         | \$ 1,446.47 |
| KWV Fuel (11%) |          |          |         | \$ 764.34   |
| Current Due    |          |          |         | \$ 8,394.88 |