



RECEIVED

February 24, 2010

FEB 25 2010

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

PUBLIC SERVICE
COMMISSION

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

Dear Mr. Derouen:

2010-00088

On behalf of Kentucky Frontier Gas, LLC dba, East Kentucky Utilities, Inc. (EKU) we are filing for Gas Cost Adjustment for the period commencing April 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 October, November and December 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 cursive script 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: February 23, 2009

Date Rates to be Effective: April 1, 2010

Reporting Period Ending: December 31, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 6.1789
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (1.8382)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		\$ 4.3408

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)	\$	\$ 330,178.23
/	Sales for the 12 months ended December 31, 2009	Mcf	53,436
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.1789
<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	\$ (0.3096)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1351)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (1.0971)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.2964)
=	Actual Adjustment (AA)	\$/Mcf	\$ (1.8382)
<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 December 31, 2009

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			75,483	\$ 5.8700	\$ 443,085.21
					\$ -
Totals			75,483		\$ 443,085.21

Line loss 12 months ended December 31, 2009 is 29.2%*** based on purchases of 75,483 Mcf and sales of 53,436 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	\$ 443,085
/ Mcf Purchases (4)	Mcf	75,483
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.8700
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	56,248
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 330,178

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

** Supplier's tariff sheets or notices are attached

*** Purchased volumes for last 2 months of 2009 are excessive and inconsistent with historical averages. KFG is investigating the potential billing errors with the supplier.

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

Buyer: Kentucky Frontier Gas, LLC
PO Box 408

Prestonsburg, KY 41653

606-886-6807
606-889-9196 FAX

Invoice Date 12/18/2009
Invoice Number 20091218KFG
Prod End Date 10/31/2009

Due Date 1/2/2010

		Period	Mcf	Dth	Gross	KWV GATH	KWV FUEL	TOTAL	
EAST KY UTILITIES	KWV 39	10/31/2009	1,235.82	1,585.89	\$ 4,789.39	\$ 1,149.93	\$ 591.95	\$ 6,531.27	
EAST KY UTILITIES	KWV 39B	10/31/2009	373.00	472.59	\$ 1,427.22	\$ 342.68	\$ 176.40	\$ 1,946.30	
EAST KY UTILITIES	KWV 39C	10/31/2009	1,419.17	1,788.41	\$ 5,401.00	\$ 1,296.78	\$ 667.54	\$ 7,365.32	
EAST KY UTILITIES	KWV 39D	10/31/2009	109.46	132.86	\$ 401.24	\$ 96.34	\$ 49.59	\$ 547.17	
EAST KY UTILITIES	KWV 39E	10/31/2009	-	-	\$ -	\$ -	\$ -	\$ -	
EAST KY UTILITIES	KWV 4m26	10/31/2009	197.00	214.65	\$ 648.24	\$ 155.64	\$ 80.12	\$ 884.00	17,274.06

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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 1/20/2010
Invoice Number 2010120KFG
Prod End Date 11/30/2009
Due Date 2/4/2010

		Period	Mcf	Dth	Gross	KWV GATH	KWV FUEL	TOTAL
	EAST KY UTILITIES	KWV 39	5 613.00	7,203.00	\$ 25,786.74	\$ 5,222.90	\$ 3,187.13	\$ 34,196.77
	EAST KY UTILITIES	KWV 39B	706.00	895.00	\$ 3,204.10	\$ 648.96	\$ 396.02	\$ 4,249.08
	EAST KY UTILITIES	KWV 39C	9 834.00	12,393.00	\$ 44,366.94	\$ 8,986.16	\$ 5,483.56	\$ 58,836.66
01	EAST KY UTILITIES	KWV 39D	1 104.00	1,340.00	\$ 4,797.20	\$ 971.63	\$ 592.92	\$ 6,361.75
	EAST KY UTILITIES	KWV 39E	-	-	\$ -	\$ -	\$ -	\$ -
	EAST KY UTILITIES	KWV 4m26	337.00	357.00	\$ 1,313.86	\$ 286.11	\$ 162.39	\$ 1,742.36

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Invoice for Natural Gas Sold

Buyer: Kentucky Frontier Gas, LLC
PO Box 408

Prestonsburg, KY 41653

606-886-6807
606-889-9196 FAX

Office igsinc@att.net
Larry Rich lrich@kyfrontiergas.com
Heather Powers hpowers@kyfrontiergas.com
Margaret Bostow mbostow@kyfrontiergas.com

Invoice Date 2/17/2010
Invoice Number 2010217KFG
Prod End Date 12/31/2009

Due Date 3/4/2010

System	Meter	Period	Mcf	Dth	Gross	KWV GATH	KWV FUEL	TOTAL
EAST KY UTILITIES	KWV 39	12/31/2009	6,386.00	8,195.00	\$ 30,567.35	\$ 5,942.19	\$ 3,778.01	\$ 40,287.55
EAST KY UTILITIES	KWV 39B	12/31/2009	2,315.00	2,933.00	\$ 10,940.09	\$ 2,126.72	\$ 1,352.16	\$ 14,418.97
EAST KY UTILITIES	KWV 39C	12/31/2009	3,448.00	4,346.00	\$ 16,210.58	\$ 3,151.28	\$ 2,003.57	\$ 21,365.43
EAST KY UTILITIES	KWV 39D	12/31/2009	970.00	1,177.00	\$ 4,390.21	\$ 853.44	\$ 542.60	\$ 5,786.25
EAST KY UTILITIES	KWV 39E	12/31/2009	-	-	\$ -	\$ -	\$ -	\$ -
EAST KY UTILITIES	KWV 4m26	12/31/2009	620.00	676.00	\$ 2,521.48	\$ 490.17	\$ 311.64	\$ 3,323.29
								<u>35,181</u>