



December 28, 2010

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

RECEIVED

DEC 29 2010

**PUBLIC SERVICE
COMMISSION**

Re: Gas Cost Recovery Rate
Kentucky Frontier Gas, LLC
dba Mike Little Gas Company, Inc.

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, dba Mike Little Gas Company, Inc. (MLG), we are filing for a Gas Cost Recovery for the period commencing February 1, 2011.

Enclosed are calculations on which we base our request for rate changes. The cost of gas from MLG suppliers are Columbia and Quality. Quality rate is 80% of TCO App + transportation + gathering + fuel charges.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba MIKE LITTLE GAS COMPANY, INC.

A handwritten signature in cursive script that reads "Dennis R. Horner".

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosure

FOR: Melvin, Byro, Weeksbury, Langley and Goble Roberts
Community, Town or City

P.S.C. KY. NO. 1

SHEET NO. 5

Mike Little Gas Company, Inc.
(Name of Utility)

CANCELING P.S. KY.NO.

SHEET NO. _____

RATES AND CHARGES

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</u>
FIRST (1) MCF (MINIMUM BILL)	\$ 5.5000	8.1553	13.6553
OVER 1 MCF	\$ 4.3271	8.1553	12.4824

B. DEPOSITS \$100.00

DATE OF ISSUE December 28, 2010

Month/Date/Year

DATE EFFECTIVE February 1, 2011

ISSUED BY 

(Signature of Officer)

TITLE Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

Company Name

Mike Little Gas Company, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: December 28, 2010

Date Rates to be Effective: February 1, 2011

Reporting Period Ending: October 31, 2010

Mike Little Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.3795
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ 1.7758
+	Balance Adjustment (BA)	\$/Mcf	\$ -
=	Gas Cost Recovery Rate (GCR)		8.1553

GCR to be effective for service rendered from August 1, 2010 to October 31, 2010

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 131,277.84
/	Sales for the 12 months ended <u>October 31, 2010</u>	Mcf	20,578
=	Expected Gas Cost (EGC)	\$/Mcf	6.3795

B	<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	\$ -

C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$ (0.0539)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0897
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.6188
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 1.1212
=	Actual Adjustment (AA)	\$/Mcf	\$ 1.7758

D	<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	\$ -

Mike Little Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual MCF Purchases for 12 months ended October 31, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Quality			28,008	\$ 5.7750	\$ 161,746.20
Columbia Gas of KY			4,670	\$ 7.7731	\$ 36,300.38
					\$ -
Totals			32,678		\$ 198,046.58
Line loss 12 months ended and sales of	<u>October, 2010</u> <u>20,578</u>	on purchases of =	<u>32,678</u> <u>37.03%</u>		
				<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)				\$	\$ 198,046.58
/ Mcf Purchases (4)				Mcf	32,678
= Average Expected Cost Per Mcf Purchased				\$/Mcf	\$ 6.0605
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)				Mcf	21,661
= Total Expected Gas Cost (to Schedule 1A)				\$	\$ 131,277.84

* Excessive line loss is under investigation and suspected to be due to metering error.

** Gas supply switched to Quality beginning in July.

Quality EGC rate is calculated as follows: NYMEX futures for Feb. (\$4.1330/Dth), Mar. (\$4.1490/Dth) and Apr. (\$4.1520) = average \$4.1446/Dth x 80% = \$3.3156/Dth plus \$1.02/Dth (EQT transportation) = \$4.3356/Dth + 11% (fuel charge) = \$4.8125/Dth x 1.2 Dth/Mcf = \$5.7750/Mcf
Columbia Gas IUS rate - Case No. 2010-00424

Mike Little Gas Company, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending October 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>
Total Supply Volumes Purchased	Mcf	416	428	657
Total Cost of Volumes Purchased	\$	\$ 2,844	\$ 2,754	\$ 4,120
(divide by) Total Sales (not less than 95% of supply)	Mcf	570	407	624
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.9895	\$ 6.7732	\$ 6.6010
(minus) EGC in effect for month	\$/Mcf	\$ 6.8165	\$ 6.8165	\$ 6.8165
(equals) Difference	\$/Mcf	\$ (1.8270)	\$ (0.0433)	\$ (0.2155)
(times) Actual sales during month	Mcf	570	299	255
(equals) Monthly cost difference	\$	\$ (1,041.41)	\$ (12.93)	\$ (54.96)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (1,109.30)
(divide by) Sales for 12 Months ended <u>July 31, 2010</u>	Mcf	20,578
(equals) Actual Adjustment for the Reporting Period		\$ (0.0539)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0539)