

Montgomery Creek Gas Co.

P.O Box 783
Hindman, Kentucky 41822
Phone; (606) 785-0761

December 07, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615
RE: Case No. 2011-00388

RECEIVED

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PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

In response to letter entitled, Commission Staff's First Request For Information To Montgomery Creek Gas Company. Enclosed you will find the original response and six copies. The responses in this letter will be numbered in accordance with the questions on your letter dated December 2, 2011.

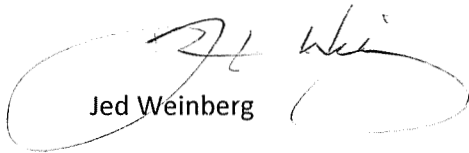
- (1) Montgomery Creek Gas Company operates 7 wells all of these wells supply gas for the farm tap.
- (2) We have enclosed a copy of the BTU conversion rate. We have recalculated our total cost per MCF based on this new rate. (See enclosed rate calculation)
- (2) We have enclosed the NYMEX futures strip for the 12 months ended September 2012. We have recalculated our total cost per MCF based on this information. (See enclosed Rate calculation)
- (3) We have included a basis that is the difference between the Henry Hub and Tco Appalachian Hub.
 - (a) No basis was included on the original rate increase request because we were not aware of this requirement.
 - (b) We have recalculated our total cost per MCF based on this information. (See enclosed Rate calculation)
- (4) The reconnect fee of \$20.00 was set on July 1, 1995, at that time Federal minimum wage was \$4.25 now it is \$7.25 that is an increase of 70.58%. The increase of our reconnect fee from \$20.00 to \$25.00 is 25.00%. We can show any number of examples of inflation in labor cost, insurance increases, and fuel expense, over the last 16 years if the P.S.C. deems necessary.

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- (5) (a) We have enclosed the most recent Gas Management Contract between Montgomery Creek Gas Company and Consolidated Local Energy and Natural Gas Inc. Both companies involved in this contract are 100% owned by the Weinberg family.
- (b) Management services under this contract began prior to 1990. An exact date may be determined if the P.S.C. deems necessary.
- (c) The management fees increased from \$7,200.00 annually to \$9,600.00 annually on December 12, 1993.

I affirm all information contained in this letter is correct and true to the best of my knowledge.



Jed Weinberg

Manager