



February 28, 2011

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

Re: Kentucky Frontier Gas, LLC  
dba Belfry Gas Company, Inc.

RECEIVED

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PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, dba Belfry Gas Company, Inc. (BGC), we are filing for a Gas Cost Recovery for the period commencing April 1, 2012.

Enclosed is a Rates and Charges form and related calculations on which we base our request for rate changes. The cost of gas from BGC's supplier, Quality Natural Gas, LLC has been estimated for the calendar quarter beginning April 1, 2011.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC  
dba BELFRY GAS COMPANY, INC.

Dennis R. Horner  
Kentucky Frontier Gas, LLC

Enclosures



Company Name

Belfry Gas Company, Inc.

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date filed: February 28, 2012

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Date Rates to be Effective: April 1, 2012

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Reporting Period is Calendar Quarter Ended: December 31, 2011

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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	\$ 3.7566
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.5943)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		3.16237

GCR to be effective for service rendered from April 1, 2012 to June 30, 2012

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 138,650
/	Sales for the 12 months ended December 31, 2011	Mcf	36,908
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 3.7566

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	\$ (0.5037)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.0051)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.0861
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1716)
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.5943)

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	\$ -

**Belfry Gas Company, Inc. - GAS COST RECOVERY RATE**

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended: December 31, 2011

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)* Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			43,088	\$ 3.5688	\$ 153,772.45
					\$ -
<b>Totals</b>			<b>43,088</b>	<b>\$</b>	<b>153,772.45</b>

Line loss 12 months ended: December-11 based on purchases of 43,088 Mcf  
and sales of 36,908 Mcf. 14.34%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 153,772
/ Mcf Purchases (4)	Mcf	43,088
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 3.5688
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	38,851
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 138,650

\* EGC rate is calculated as follows: NYMEX futures for Apr (\$2.653); May (\$2.762); Jun (\$2.847) = \$2.754/Dth (avg.)  
+ \$0.12 (basis) + \$0.10 (Quality Fee) = \$2.974/Dth x 1.2 Dth/Mcf = 3.5688 \$/Mcf

\*\* TCo Appalachian Index Basis

**Belfry Gas Company, Inc.**

Schedule IV  
Actual Adjustment

For the 3 month period ending: December 31, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>
Total Supply Volumes Purchased	Mcf	2,356	3,478	4,880
Total Cost of Volumes Purchased	\$	\$ 10,969	\$ 15,377	\$ 20,627
(divide by) Total Sales (not less than 95% of supply)	Mcf	2,497	4,235	5,457
(equals) Unit Cost of Gas	\$/Mcf	\$ 4.3929	\$ 3.6309	\$ 3.7799
(minus) EGC in effect for month	\$/Mcf	\$ 5.3788	\$ 5.3788	\$ 5.3788
(equals) Difference	\$/Mcf	\$ (0.9859)	\$ (1.7479)	\$ (1.5989)
(times) Actual sales during month	Mcf	2,497	4,235	5,457
(equals) Monthly cost difference	\$	\$ (2,461.86)	\$ (7,402.22)	\$ (8,725.11)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (18,589.19)
(divide by) Sales for 12 Months ended December 31, 2011	Mcf	36,908
(equals) Actual Adjustment for the Reporting Period		\$ (0.5037)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.5037)