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PUBLIC SERVICE  
COMMISSION

December 10, 2012

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

Re: Gas Cost Adjustment  
B.T.U. Gas Company

Dear Mr. Derouen:

Kentucky Frontier Gas, LLC is revising the Gas Cost Recovery application for Case No. 2012-00538 for the period commencing January 1, 2013.

Please find the enclosed revised GCA form and related calculations on which we base our requested rate.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC

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

Dennis R. Horner  
Kentucky Frontier Gas, LLC

Enclosures

FOR ENTIRE AREA SERVED

BU Gas Company

P.S.C. KY. NO. \_\_\_\_\_

**BTU Gas Company**

(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.

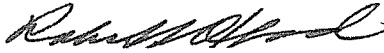
A. MONTHLY RATES:

	<u>Base Rate</u>	<u>GCRR</u>	<u>Total</u>
FIRST (1) MCF (MINIMUM BILL)	\$ 3.9000	9.2794	13.1794
OVER 1 MCF	\$ 2.9700	9.2794	12.2494

B. DEPOSITS:

DATE OF ISSUE \_\_\_\_\_ November 29, 2012 \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_ January 1, 2013 \_\_\_\_\_

ISSUED BY \_\_\_\_\_  \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_ Member \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMINSSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

**BTU Gas Company**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>	
Expected Gas Cost (EGC)	\$/Mcf	\$8.0000	20% imputed L&U
Refund Adjustment (RA)	\$/Mcf	\$0.0000	
Actual Adjustment (AA)	\$/Mcf	\$1.2794	
Balance Adjustment (BA)	\$/Mcf	\$0.0000	
<b>Gas Cost Recovery Rate (GCR)</b>	<b>\$/Mcf</b>	<b>\$9.2794</b>	

Rates to be effective for service render      January 1, 2013

***Provided for informational purposes only***

<b>A. EXPECTED GAS COST CALCULATION</b>	<u>Unit</u>	<u>Amount</u>	
Total Expected Gas Cost (Sch II)	\$/Mcf	\$124,943	<b>5% Actual L&amp;U</b> \$282,610
/Sales for the 12 months ended      September 30, 2012	\$/Mcf	25,541	25,541
<b>Expected Gas Cost</b>	<b>\$/Mcf</b>	<b>\$4.8919</b>	<b>\$11.0650</b>
<b>B. REFUND ADJUSTMENT CALCULATION</b>	<u>Unit</u>	<u>Amount</u>	
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000	
+Previous Quarter Supplier Refund Adjustment	\$/Mcf		
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf		
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf		
<b>=Refund Adjustment (RA)</b>	<b>\$ Mcf</b>	<b>\$0.0000</b>	
<b>C. ACTUAL ADJUSTMENT CALCULATION</b>	<u>Unit</u>	<u>Amount</u>	
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	\$0.0845	
+Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.1648	
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$1.0301	
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf		
<b>=Actual Adjustment (AA)</b>	<b>\$ Mcf</b>	<b>\$1.2794</b>	
<b>D. BALANCE ADJUSTMENT CALCULATION</b>	<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		
<b>=Balance Adjustment (BA)</b>	<b>\$ Mcf</b>	<b>\$0.0000</b>	

**BTU Gas Company**

SCHEDULE II

EXPECTED GAS COST

*Provided for informational purposes only*

Actual Mcf Purchases for 12 months ended September 30, 2012

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Gibraltar			1,980	\$ 3.07	\$ 6,080
Gray			6,161	\$ 4.00	\$ 24,644
HI-Energy			1,836	\$ 4.00	\$ 7,344
KY Reserves			18,930	\$ 4.50	\$ 85,185
Slone			837	\$ 3.50	\$ 2,930
Spirit			19,791	\$ 6.00	\$ 118,746
Tackett			7,255	\$ 3.22	\$ 23,378
Walker			3,074	\$ 3.22	\$ 9,898
				\$ -	\$ -
<b>Totals</b>			<b>59,864</b>		<b>\$278,205</b>

Line loss for 12 months ended 9/30/12 is based on purchases of  
and sales of 25,541 Mcf.

59,864  
57%

	Using 5% limit	Using actual L&U
Total Expected Cost of Purchases (6)	\$278,205	\$278,205
/ Mcf Purchases (4)	59,864	59,864
= Average Expected Cost Per Mcf Purchased	\$4.6473	\$4.6473
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	26,885.26	60,811.90
= Total Expected Gas Cost (to Schedule IA)	\$124,943	\$282,610

**BTU Gas Company**

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended September 30, 2012

For information purposes only - Using 5 percent line loss limiter

<u>Particulars</u>	<u>Unit</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
Total Supply Volumes Purchased	Mcf	1327	865	567
Total Cost of Volumes Purchased	\$	\$5,422.00	\$3,676.00	\$2,292.00
/ Total Sales *	Mcf	1,260.7	821.8	538.7
= Unit Cost of Gas	\$/Mcf	\$4.3010	\$4.4734	\$4.2551
- EGC in Effect for Month	\$/Mcf	\$8.0000	\$8.0000	\$8.0000
= Difference	\$/Mcf	(\$3.6990)	(\$3.5266)	(\$3.7449)
x Actual Sales during Month	Mcf	247.0	536.0	373.0
= Monthly Cost Difference	\$	(\$913.66)	(\$1,890.27)	(\$1,396.85)
Total Cost Difference			\$	(\$4,200.79)
/ Sales for 12 months ended September 30, 2012			Mcf	25,541
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$0.1645)

\* May not be less than 95% of supply volume

***Proposed - Using actual sales with no line loss limiter***

<u>Particulars</u>	<u>Unit</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
Total Supply Volumes Purchased	Mcf	1327	865	567
Total Cost of Volumes Purchased	\$	\$5,422.00	\$3,676.00	\$2,292.00
/ Total Sales *	Mcf	247.0	536.0	373.0
= Unit Cost of Gas	\$/Mcf	\$21.9514	\$6.8582	\$6.1448
- EGC in Effect for Month	\$/Mcf	\$8.0000	\$8.0000	\$8.0000
= Difference	\$/Mcf	\$13.9514	(\$1.1418)	(\$1.8552)
x Actual Sales during Month	Mcf	247.0	536.0	373.0
= Monthly Cost Difference	\$	\$3,446.00	(\$612.00)	(\$692.00)
Total Cost Difference			\$	\$2,142.00
/ Sales for 12 months ended September 30, 2012			Mcf	25,339
= Actual Adjustment for the Reporting Period (to Sch IC)				\$0.0845