

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF KENTUCKY FRONTIER GAS,)	CASE NO. 2009-00177
LLC D/B/A BELFRY GAS COMPANY, INC.)	

ORDER

On October 11, 1993, in Case No. 1993-00111, the Commission approved rates for Belfry Gas Company, Inc. ("Belfry") and provided for their further adjustment in accordance with Belfry's gas cost adjustment ("GCA") clause.¹

On May 4, 2009, Belfry filed its GCA to be effective June 1, 2009. Belfry's tariff provides for GCA calendar quarters to begin January 1, April 1, July 1, and October 1 of each year. The Commission will therefore treat this as an interim filing, and Belfry should file its next required quarterly filing no later than June 1 to be effective July 1, 2009.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Belfry's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

¹ Case No. 1993-00111, Adjustment of Rates of Belfry Gas Company, Incorporated and for Authority to Incur Additional Indebtedness (Ky. PSC Oct. 11, 1993).

2. Belfry's notice sets out an Expected Gas Cost ("EGC") of \$6.00 per Mcf. Belfry did not divide the Total Expected Gas Cost by 12 months' sales when calculating the EGC on Schedule I. Correcting this produces an EGC of \$5.7245, a decrease of \$2.4903 per Mcf from its prior EGC of \$8.2148 per Mcf which was effective January 1, 2009. Staff's recalculation of Schedules I and II is attached as Appendix B.

3. Belfry's notice sets out no Refund Adjustment ("RA") for the current quarter. Belfry failed to include the Third Previous Quarter Supplier Refund Adjustment, which will not expire from its rates until July 1, 2009. Belfry's total RA should be (\$.0008) per Mcf, which is no change from the prior total RA of (\$.0008).

4. Belfry's notice sets out a current quarter Actual Adjustment ("AA") of (\$3.0297) per Mcf. Belfry's calculation did not include the \$8.2148 per Mcf EGC that was in effect for the months of January and February. Correcting this produces a current quarter AA of (\$1.7226) per Mcf. Belfry's total AA calculation did not include the AAs from the three previous quarters. Correcting this produces a total AA of (\$1.7874) per Mcf, which is a decrease of \$1.7066 per Mcf from its previous total AA of (\$.0808) per Mcf. Staff's recalculation of Schedule IV is attached as Appendix B.

5. Belfry's notice sets out no Balance Adjustment.

6. Belfry's GCA is \$3.9363 per Mcf, which is a decrease of \$4.1969 per Mcf from its previous rate of \$8.1332 per Mcf.

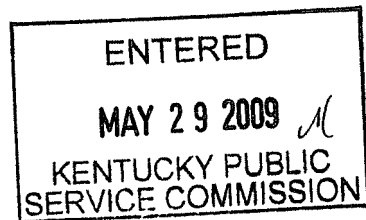
7. The rates in Appendix A to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Belfry on and after June 1, 2009.

8. On or before June 1, 2009, Belfry should file its quarterly GCA for the calendar quarter beginning July 1, 2009.

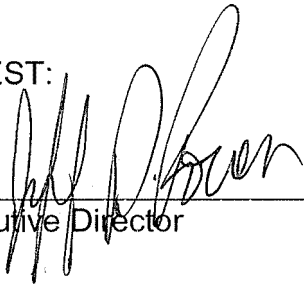
IT IS THEREFORE ORDERED that:

1. Belfry's proposed rates are denied.
2. The rates in Appendix A, attached hereto and incorporated herein, are approved for billing for service rendered on and after June 1, 2009.
3. Within 20 days of the date of this Order, Belfry shall file with the Commission its revised tariff sheets setting out the rates authorized herein.
4. On or before June 1, 2009, Belfry shall file its quarterly GCA for the calendar quarter beginning July 1, 2009.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00177 DATED **MAY 29 2009**

The following rates and charges are prescribed for the customers served by Belfry Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RETAIL RATES:

Monthly usage

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1,000 cubic feet (Minimum Bill)	\$4.2667	\$3.9363	\$8.2030
Over 1,000 cubic feet	\$2.7182	\$3.9363	\$6.6545

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 2009-00177 DATED **MAY 29 2009**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$5.7245
Refund Adjustment (RA)	\$/Mcf	(\$0.0008)
Actual Adjustment (AA)	\$/Mcf	(\$1.7874)
Balance Adjustment (BA)	\$/Mcf	\$0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$3.9363

To be effective for service rendered from June 1, 2009

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$241,092.00
/Sales for the 12 months ended 2/28/09	\$/Mcf	42,116.00
Expected Gas Cost	\$/Mcf	\$5.7245
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<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	(\$0.0008)
=Refund Adjustment (RA)	\$/Mcf	(\$0.0008)
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$1.7226)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0015)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0084)
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0549)
=Actual Adjustment (AA)	\$/Mcf	(\$1.7874)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<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	
=Balance Adjustment (BA)	\$/Mcf	\$0.0000

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended February 28, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Kinhag Development Co, LLC			40182	\$6.00	\$241,092.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
					\$0.00
Totals			40182		\$241,092.00
Line loss for 12 months ended <u>2/28/09</u> is based on purchases of			40182		
and sales of			42116 Mcf.	-4.81%	
					<u>Unit</u>
Total Expected Cost of Purchases (6)					\$241,092.00
/ Mcf Purchases (4)					40,182
= Average Expected Cost Per Mcf Purchased					\$6.0000
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)					40,182.00
= Total Expected Gas Cost (to Schedule IA)					\$241,092.00

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended 2/28/09

Particulars	Unit	Month 1	Month 2	Month 3	Month 4	Month 5
Total Supply Volumes Purchased	Mcf	888	3771	7033	5955	7901
Total Cost of Volumes Purchased	\$	\$8,293.00	\$30,951.00	\$61,021.00	\$46,735.00	\$46,931.00
/ Total Sales *	Mcf	888.0	3,766.0	7,028.0	6,697.0	9,106.0
= Unit Cost of Gas	\$/Mcf	\$9.3390	\$8.2185	\$8.6826	\$6.9785	\$5.1539
- EGC in Effect for Month	\$/Mcf	\$11.6984	\$11.6984	\$11.6984	\$8.2148	\$8.2148
= Difference	\$/Mcf	(\$2.3594)	(\$3.4799)	(\$3.0158)	(\$1.2363)	(\$3.0609)
x Actual Sales during Month	Mcf	888.0	3,766.0	7,028.0	6,697.0	9,106.0
= Monthly Cost Difference	\$	(\$2,095)	(\$13,105)	(\$21,195)	(\$8,280)	(\$27,873)
Total Cost Difference			\$	(\$72,548)		
/ Sales for 12 months ended 2/28/09			Mcf	42,116.0		
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$1.7226)		

* May not be less than 95% of supply volume

Robert Oxford
Kentucky Frontier Gas, LLC
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033