

BELFRY GAS COMPANY, INC.

Post Office Box 155
Allen, Kentucky 41601
(606) 874-2846

RECEIVED

JUN - 1 2005

PUBLIC SERVICE
COMMISSION

May 27, 2005

Public Service Commission
Attn: Thomas Dorman
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Case 2005-00212

Dear Mr. Dorman:

Please find enclosed Belfry Gas Company's PGA for July 1, 2005, thru October 1, 2005.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,



Stephen G. Jenkins, Manager
Belfry Gas Company, Inc.

Enclosure

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COMMISSION

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

JUNE 1, 2005

Date Rates to be Effective:

JULY 1, 2005

Reporting Period is Calendar Quarter Ended:

MARCH 31, 2005

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 8.7605
+ Refund Adjustment (RA)	\$/Mcf	(.0006)
+ Actual Adjustment (AA)	\$/Mcf	(.0568)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 8.7031

GCR to be effective for service rendered from July 1, 2005 to September 30, 2005

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule III)	\$	428,274
	+ Sales for the 12 months ended <u>March 31, 2005</u>	Mcf	48,887
	= Expected Gas Cost (EGC)	\$/Mcf	8.7605
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	(.0006)
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	= Refund Adjustment (RA)	\$/Mcf	(.0006)
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0833)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0176)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0029
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0412
	= Actual Adjustment (AA)	\$/Mcf	(.0568)
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
	+ 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

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended March 31, 2005

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) (4)x(5) <u>Cost</u>
KINHAG DEVELOPMENT COMPANY, LLC	41,250	1.20	49,500	8.6520	\$ 428,274

Totals 41,250 49,500 \$ 428,274

Line loss for 12 months ended MARCH 31, 2005 is 1.24 % based on purchases of 49,500 Mcf and sales of 48,887 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	428,274
+ Mcf Purchases (4)	Mcf	49,500
= Average Expected Cost Per Mcf Purchased	\$/Mcf	8.6520
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	49,500
= Total Expected Gas Cost (to Schedule IA.)	\$	428,274

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended MARCH 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
<u>+ Interest</u>	\$	<u> </u>
= Refund Adjustment including interest	\$	0
<u>+ Sales for 12 months ended</u>	Mcf	<u> </u>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	0

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended MARCH 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(JAN)</u>	<u>Month 2</u> <u>(FEB)</u>	<u>Month 3</u> <u>(MAR)</u>
Total Supply Volumes Purchased	Mcf	9284	10,228	8587
Total Cost of Volumes Purchased	\$	89,015	98,066	82,332
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	9284	10,228	8587
= Unit Cost of Gas	\$/Mcf	9.5880	9.5880	9.5880
- EGC in effect for month	\$/Mcf	9.7329	9.7329	9.7329
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.1449)	(.1449)	(.1449)
< Actual sales during month	Mcf	9284	10,228	8587
= Monthly cost difference	\$	(1345)	(1482)	(1244)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(4071)
Sales for 12 months ended <u>MARCH 31, 2005</u>	Mcf	48,887
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0833)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended March 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	_____
Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	_____
Equals: Balance Adjustment for the AA.	\$	_____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	_____
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	_____
Equals: Balance Adjustment for the RA.	\$	_____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	_____
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	_____
Equals: Balance Adjustment for the BA.	\$	_____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended _____	Mcf	_____
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	0

KINHAG DEVELOPMENT COMPANY, LLC

P.O. Box 155
Allen, KY 41601

May 27, 2005

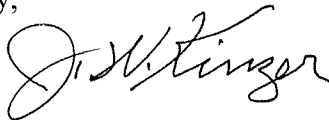
Belfry Gas Company, Inc.
P.O. Box 504
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective July 1, 2005. Your company will be charged a cost of \$8.6520 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinhag Development Company, LLC, and the most current FERC Index as of May 18, 2005. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,

A handwritten signature in black ink, appearing to read "J. W. King". The signature is written in a cursive style with a large initial "J" and "K".

KINHAG Development Company, LLC

Enclosure

NYMEX

18 May 05 – Settle

Month	Price	Change	Highest	Lowest
June	6.392	-.084	7.315	1.685
July	6.452	-.090	7.340	1.517
Aug.	6.517	-.093	7.360	1.385
Sept.	6.555	-.095	7.320	1.484
Oct.	6.608	-.097	7.345	1.406
Nov.	7.103	-.082	8.402	1.772
Dec.	7.563	-.067	9.363	1.661
Jan.	7.863	-.052	9.993	1.639
Feb.	7.861	-.048	9.865	1.046
Mar.	7.711	-.048	9.577	1.249
Apr.	6.866	-.013	7.685	1.418
May	6.756	-.005	7.295	1.596

Ave. = 7.0206

$7.0206 + .28 = 7.3006$

JUNE CRUDE 47.25 -1.72

DOW 10,461.93 +130.05 ALL TIME HIGH 11,722.90

NASDAC 2029.42 +25.27

26 May through 01 June – The Northeast will be cooler than normal. The Southwest will be normal.

INSIDE FERC INDICES FOR MAY

COLUMBIA APPALACHIA = \$7.11

COLUMBIA GULF ONSHORE LA. = \$6.72

BASIS = \$.39

TENN. LA 800 LEG = \$6.65

DOMINION TRANS. (APPAL) = \$7.11