

# BELFRY GAS COMPANY, INC.

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

September 1, 2005

RECEIVED

SEP 6 2005

PUBLIC SERVICE  
COMMISSION

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

Case No. 2005-00359

Dear Mr. Dorman:

Please find enclosed Belfry Gas Company's PGA for October 1, 2005, thru January 1, 2006.

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

Sincerely,

*Stephen G. Jenkins*

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

Enclosure

BELFRY GAS COMPANY, INC

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

SEPTEMBER 1, 2005

Date Rates to be Effective:

OCTOBER 1, 2005

Reporting Period is Calendar Quarter Ended:

JUNE 30, 2005

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.6503
+ Refund Adjustment (RA)	\$/Mcf	(.0006)
+ Actual Adjustment (AA)	\$/Mcf	(.1179)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.5318

GCR to be effective for service rendered from October 1, 2005 to December 31, 2005

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	474,602
+ Sales for the 12 months ended <u>June 30, 2005</u>	Mcf	49,180
= Expected Gas Cost (EGC)	\$/Mcf	9.6503
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	(.0006)
= Refund Adjustment (RA)	\$/Mcf	(.0006)
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.01987)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0833)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0176)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0029
= Actual Adjustment (AA)	\$/Mcf	(.1179)
<u>D. 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	0
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0
= Balance Adjustment (BA)	\$/Mcf	0

SCHEDULE II  
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>June 30, 2005</u>					
(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Kinray Dev. Company, LLC	41,044	1.20	49,253	9.6360	\$ 474,602
<b>Totals</b>	<u>41,044</u>		<u>49,253</u>		<u>\$ 474,602</u>

Line loss for 12 months ended June 30, 2005 is .1482% based on purchases of 49,253 Mcf and sales of 49,180 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	474,602
+ Mcf Purchases (4)	Mcf	<u>49,253</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	9.6360
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>49,253</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	474,602

\*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 JUNE 30, 2005

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

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended June 30, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>( APR )</u>	<u>Month 2</u> <u>( MAY )</u>	<u>Month 3</u> <u>( JUNE )</u>
Total Supply Volumes Purchased	Mcf	4327	2733	1168
Total Cost of Volumes Purchased	\$	34,114	21,547	9,209
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	4327	2733	1168
= Unit Cost of Gas	\$/Mcf	7.8840	7.8840	7.8844
- EGC in effect for month	\$/Mcf	8.0029	8.0029	8.0029
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.1189)	(.1189)	(.1185)
x Actual sales during month	Mcf	4327	2733	1168
= Monthly cost difference	\$	(514)	(325)	(138)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(977)
+ Sales for 12 months ended <u>JUNE 30, 2005</u>			Mcf	49,180
= Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	(.01987)

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended June 30, 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.	\$  \$  \$	     <hr/>
(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.	\$  \$  \$	     <hr/>
(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.	\$  \$  \$	     <hr/>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	<hr/>
+ Sales for 12 months ended _____	Mcf	<hr/>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<hr/> ○

**KINHAG DEVELOPMENT COMPANY, LLC**

P.O. Box 155  
Allen, KY 41601

August 29, 2005

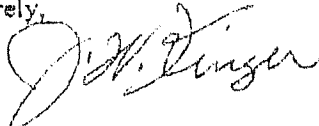
Belfry Gas Company, Inc.  
P.O. Box 504  
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective October 1, 2005. Your company will be charged a cost of \$9.6360 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinbag Development Company, LLC, and the most current FERC Index as of August 15, 2005. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure



NYMEX

15 August 05 – Settle

JULY NYMEX SETTLE = \$6.976

Month	Price	Change	Highest	Lowest
Sept.	9.540	-.048	9.588	1.484
Oct.	9.561	-.047	9.608	1.406
Nov.	9.933	-.033	9.966	1.772
Dec.	10.302	-.017	10.319	1.661
Jan.	10.568	-.009	10.577	1.639
Feb.	10.538	-.005	10.543	1.046
Mar.	10.302	+0.003	10.299	1.249
Apr.	8.772	-.012	8.784	1.418
May	8.547	-.007	8.554	1.596
June	8.578	-.007	8.585	1.685
July	8.623	-.007	8.630	1.517
Aug.	8.662	-.007	8.669	1.385

Ave. = 9.4938

9.4938 + .28 = 9.7738

ALL TIME HIGH 9.5102

SEPTEMBER CRUDE 66.27 -.59 ALL TIME HIGH 67.10

3:30 PM DOW 10,640.99 +40.68 ALL TIME HIGH 11,722.90

3:30 PM NASDAC 2,168.21 +11.31

23 August through 29 August – The Northeast will be somewhat cooler than normal. The Southwest will be somewhat warmer than normal.

INSIDE FERC INDICES FOR AUGUST  
 COLUMBIA APPALACHIA = \$7.93  
 COLUMBIA GULF ONSHORE LA. = \$7.62  
 BASIS = \$.31  
 TENN. LA 800 LEG = \$7.55  
 DOMINION TRANS. (APPAL) = \$7.95