

BELFRY GAS COMPANY, INC.

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

November 28, 2005

RECEIVED

DEC 1 2005

PUBLIC SERVICE
COMMISSION

Public Service Commission
Attn: Beth O'Donnell
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Case 2005-00488

Dear Ms. Donnell:

Please find enclosed Belfry Gas Company's PGA for January 1, 2006, thru April 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:

NOVEMBER 29, 2005

Date Rates to be Effective:

JANUARY 1, 2006

Reporting Period is Calendar Quarter Ended:

SEPTEMBER 30, 2005

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 17.5335
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	(.1264)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 17.4071

GCR to be effective for service rendered from January 1, 2006 to March 31, 2006

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	863,736
+ Sales for the 12 months ended <u>SEPT. 30, 2005</u>	Mcf	49,262
= Expected Gas Cost (EGC)	\$/Mcf	17.5335
<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	{
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	{
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	{
= Refund Adjustment (RA)	\$/Mcf	0
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0056)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.01987)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0833)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0176)
= Actual Adjustment (AA)	\$/Mcf	(.1264)
<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	{
+ 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 <u>SEPT 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>
KINHAG DEVELOPMENT COMPANY LLC	41083	1.20	49300	17.5200	\$ 863,736
Totals	<u>41,083</u>		<u>49,300</u>		<u>\$ 863,736</u>

Line loss for 12 months ended SEPT. 30, 2005 is .0771% based on purchases of 49,300 Mcf and sales of 49,262 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	863,736
+ Mcf Purchases (4)	Mcf	49,300
= Average Expected Cost Per Mcf Purchased	\$/Mcf	17.5200
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	49,300
= Total Expected Gas Cost (to Schedule IA.)	\$	863,736

*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 SEPT. 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 SEPT. 30, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(July)</u>	<u>Month 2</u> <u>(Aug)</u>	<u>Month 3</u> <u>(Sept)</u>
Total Supply Volumes Purchased	Mcf	955	782	829
Total Cost of Volumes Purchased	\$	8,263	6,766	7,173
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	955	782	829
= Unit Cost of Gas	\$/Mcf	8.6524	8.6522	8.6523
- EGC in effect for month	\$/Mcf	8.7605	8.7605	8.7605
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.1081)	(.1083)	(.1082)
x Actual sales during month	Mcf	955	782	829
= Monthly cost difference	\$	(103)	(85)	(90)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(278)
+ Sales for 12 months ended <u>SEPT. 30, 2005</u>	Mcf	49,262
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0056)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended SEPT. 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.	\$	_____
(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	○

KINHAG DEVELOPMENT COMPANY, LLC

P.O. Box 155
Allen, KY 41601

November 23, 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 January 1, 2006. Your company will be charged a cost of \$17.5200 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinthag Development Company, LLC, and the most current FERC Index as of November 18, 2005. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. W. Rinzer".

KINHAG Development Company, LLC

Enclosure

NYMEX

18 November 05 – Settle

Month	Price	Change	Highest	Lowest
Dec.	11.414	-.528	14.764	1.661
Jan.	12.071	-.634	15.131	1.639
Feb.	12.181	-.604	14.906	1.046
Mar.	12.011	-.539	14.406	1.249
Apr.	10.161	-.279	11.415	1.418
May	10.001	-.259	10.885	1.596
June	10.031	-.256	10.905	1.685
July	10.076	-.256	10.942	1.517
Aug.	10.119	-.253	10.984	1.385
Sept.	10.119	-.246	10.958	1.484
Oct.	10.167	-.243	13.907	1.406
Nov	10.642	-.243	14.338	1.772

Ave. = 10.7494

10.7494 + .35 = 11.0994

ALL TIME HIGH 12.7018

DECEMBER CRUDE 56.14 -.20 ALL TIME HIGH 70.90

3:45 PM DOW 10,763.77 +43.55 ALL TIME HIGH 11,722.90

3:45 PM NASDAC 2,227.09 +6.63

26 November through 02 December – The Northeast and the Southwest will be colder than normal.

INSIDE FERC INDICES FOR NOVEMBER

COLUMBIA APPALACHIA = \$14.50

COLUMBIA GULF ONSHORE LA. = \$13.97

BASIS = \$.53

TENN. LA 800 LEG = 13.93

DOMINION TRANS. (APPAL) = \$14.51