



March 29, 2011

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

RECEIVED

MAR 31 2011

PUBLIC SERVICE
COMMISSION

Re: Gas Cost Recovery Rate
Kentucky Frontier Gas, LLC
dba Mike Little Gas Company, Inc.
Case No. 2011-_____

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, dba Mike Little Gas Company, Inc. (MLG), we are filing for a Gas Cost Recovery for the period commencing May 1, 2011.

Enclosed are calculations on which we base our request for rate changes. EGC is based on Columbia Gas IUS rate approved in Case No. 2011-00033. Quality rate is 80% of TCO App + transportation + gathering + fuel charges.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba MIKE LITTLE GAS COMPANY, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosure

Company Name

Mike Little Gas Company, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: March 29, 2011

Date Rates to be Effective: May 1, 2011

Reporting Period Ending: January 31, 2011

Mike Little Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	6.2898
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	0.1046
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)			6.3943

GCR to be effective for service rendered from May 1, 2011 to July 31, 2011.

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	148,061.45
/	Sales for the 12 months ended <u>January 31, 2011</u>	Mcf		23,540
=	Expected Gas Cost (EGC)	\$/Mcf		6.2898

B	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$	-
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$	-
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$	-
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$	-
=	Refund Adjustment (RA)	\$/Mcf	\$	-

C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$	(0.4860)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.1179)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.0897
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.6188
=	Actual Adjustment (AA)	\$/Mcf	\$	0.1046

D	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$	-
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
=	Balance Adjustment (BA)	\$/Mcf	\$	-

Mike Little Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual MCF Purchases for 12 months ended January 31, 2011

(1) Supplier	(2) Dth	(3) BTU Conversion	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Quality			22,021	\$ 5.9968	\$ 132,055.53
Columbia Gas of KY			5,039	\$ 5.8813	\$ 29,635.87
					\$ -
Totals			27,060		\$ 161,691.40
Line loss 12 months ended	<u>January 31, 2011</u>	on purchases of	<u>27,060</u>		
and sales of	<u>23,540</u>	=	<u>13.01%</u>		

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 161,691.40
/ Mcf Purchases (4)	Mcf	27,060
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.9753
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	24,779
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 148,061.45

* Excessive line loss is under investigation and suspected to be due to metering error.

** Gas supply switched to Quality beginning in July.

Quality EGC rate is calculated as follows: NYMEX futures for May (\$4.2630/Dth),

Jun. (\$4.3350/Dth) and Jul. (\$4.4600) = average \$4.3527/Dth x 80% = \$3.4821/Dth

plus \$1.02/Dth (EQT transportation) = \$4.5021/Dth + 11% (fuel charge) = \$4.9974/Dth x 1.2 Dth/Mcf = \$5.9968/Mcf

Columbia Gas IUS rate - Case No. 2011-00033

Mike Little Gas Company, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending January 31, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>
Total Supply Volumes Purchased	Mcf	2,076	4,756	4,433
Total Cost of Volumes Purchased	\$	\$ 11,495	\$ 29,462	\$ 27,631
(divide by) Total Sales (not less than 95% of supply)	Mcf	1,972	5,003	5,190
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.8285	\$ 5.8889	\$ 5.3239
(minus) EGC in effect for month	\$/Mcf	\$ 6.5787	\$ 6.5787	\$ 6.5787
(equals) Difference	\$/Mcf	\$ (0.7502)	\$ (0.6898)	\$ (1.2548)
(times) Actual sales during month	Mcf	1,970	5,003	5,190
(equals) Monthly cost difference	\$	\$ (1,477.86)	\$ (3,451.24)	\$ (6,512.45)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (11,441.55)
(divide by) Sales for 12 Months ended <u>January 31, 2011</u>	Mcf	23,540
(equals) Actual Adjustment for the Reporting Period		\$ (0.4860)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.4860)