



May 27, 2011

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

RECEIVED

MAY 31 2011

PUBLIC SERVICE
COMMISSION

Re: Kentucky Frontier Gas, LLC
dba Belfry Gas Company, Inc.

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, dba Belfry Gas Company, Inc. (BGC), we are filing for a Gas Cost Recovery for the period commencing July 1, 2011.

Enclosed is a Rates and Charges form and related calculations on which we base our request for rate changes. The cost of gas from BGC's supplier, Quality Natural Gas, LLC has been estimated for the calendar quarter beginning July 1, 2011.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba BELFRY GAS COMPANY, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosure

Company Name

Belfry Gas Company, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: May 27, 2011

Date Rates to be Effective: July 1, 2011

Reporting Period is Calendar Quarter Ended: March 31, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	5.8749
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(1.2801)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)			4.5948

GCR to be effective for service rendered from July 1, 2011 to September 30, 2011

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	231,009
/	Sales for the 12 months ended <u>March 31, 2011</u>	Mcf		39,321
=	Expected Gas Cost (EGC)	\$/Mcf	\$	5.8749
<u>B</u>	<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	\$	-
<u>C</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$	(0.1716)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(1.0725)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.0226)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.0134)
=	Actual Adjustment (AA)	\$/Mcf	\$	(1.2801)
<u>D</u>	<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	\$	-

Belfry Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended: March 31, 2011

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)* Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			54,423	\$ 5.5812	\$ 303,745.65
					\$ -
Totals			54,423		\$ 303,745.65

Line loss 12 months ended: March-11 based on purchases of 54,423 Mcf
and sales of 39,321 Mcf. 27.75%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 303,746
/ Mcf Purchases (4)	Mcf	54,423
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.5812
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	41,391
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 231,009

* EGC rate is calculated as follows: NYMEX futures for Jul (\$4.3910); Aug (\$4.4370); Sep (\$4.4640) = \$4.4310/Dth (avg + \$0.12 (basis) + \$0.10 (Quality Fee) = \$4.6510/Dth x 1.2 Dth/Mcf = 5.5812 \$/Mcf

** TCo Appalachian Index Basis

Belfry Gas Company, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending: March 31, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>
Total Supply Volumes Purchased	Mcf	8,992	5,846	5,163
Total Cost of Volumes Purchased	\$	\$ 48,477	\$ 32,131	\$ 24,919
(divide by) Total Sales (not less than 95% of supply)	Mcf	8,912	5,554	4,905
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.4395	\$ 5.7855	\$ 5.0805
(minus) EGC in effect for month	\$/Mcf	\$ 5.8029	\$ 5.8029	\$ 5.8029
(equals) Difference	\$/Mcf	\$ (0.3634)	\$ (0.0174)	\$ (0.7224)
(times) Actual sales during month	Mcf	8,912	5,461	4,725
(equals) Monthly cost difference	\$	\$ (3,238.44)	\$ (94.95)	\$ (3,413.43)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (6,746.83)
(divide by) Sales for 12 Months ended March 31, 2011	Mcf	39,321
(equals) Actual Adjustment for the Reporting Period		\$ (0.1716)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.1716)