

Montgomery Creek Gas Co.

P.O Box 783
Hindman, Kentucky 41822
Phone; (606)785-0761

RECEIVED

SEP 21 2011

PUBLIC SERVICE
COMMISSION

September 19,2011

Mr. Jeff Derouen

Executive Director

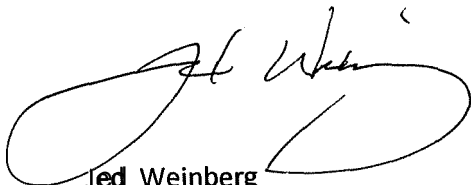
Kentucky Public Service Commission

P.O. Box 615

Frankfort, KY 40602-0615

Dear Mr. Derouen:

Enclosed is our request for farm tap rate change effective November 1,2011.



Jed Weinberg

Manager

Montgomery Creek Gas Co.

P.O Box 783
Hindman, Kentucky 41822
Phone: (606) 785-0761

To: All Montgomery Creek Gas Company Customers

NOTICE OF PROPOSED RATE CHANGE

Montgomery Creek Gas Co. has filed a request with the Public Service Commission to increase its rates. The rates contained in this notice are rates proposed by Montgomery Creek Gas Company. The Public Service Commission may order rates to be charged that differ from the rates in this notice.

Any corporation, association, body politic, or person may file written comments or a written request for intervention within (30) days of the date of this notice with the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602-0615.

Copies of the request for an increase may be obtained by contacting the gas company at, Montgomery Creek Gas Co. P.O. Box 783, Hindman, Kentucky 41822. A copy of the request for an increase in rates is available for public inspection at this address.

Present Rate	Proposed Rate	Estimated Monthly Increase Per Customer
\$3.50	\$5.00	\$7.99

FOR Emmalena KY
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Montgomery Creek Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO.

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

Montgomery Creek Gas Company is and has been since 1966, a farm tap system as described under KRS 278.485. Montgomery Creek Gas Company is currently gathering its own gas in Knott County for sales to Knott County residents. In accordance with the parameters established in 807 KAR 5:026 (9), Montgomery Creek Gas Company requests approval of the following rates for homeowners along its gathering lines.

All residential and commercial customers will be charged the same:

- \$5.00/mcf flat rate
- \$5.00/mcf minimum charge
- \$150.00 tap fee
- \$125.00 deposit
- \$25.00 reconnect fee

DATE OF ISSUE September 1, 2011
Month / Date / Year

DATE EFFECTIVE November 1, 2011
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE Trustee

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

MONTGOMERY CREEK GAS COMPANY

Rate Support Calculations

Assumption for Usage:

Anticipated customers	84
Average monthly use per customer (mcfs)	5.33
Average annual use per customer (mcfs)	63.94
Total average annual use (mcfs)	5,371

Rate Calculation

Schedule 1- Gas Commodity Cost per Mcf	\$	4.37
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Projected Costs

Schedule 2 - Contracted management services		1.83
	\$	1.83

Total Cost per Mcf \$ 6.20

MONTGOMERY CREEK GAS COMPANY
Schedule 1- Gas Commodity Cost

NYMEX - Natural Gas Contract Month End Settlement Price
September, 2010 to August 2011

<u>Date</u>	<u>Dth</u>
Sep-10	3.651
Oct-10	3.837
Nov-10	3.292
Dec-10	4.267
Jan-11	4.216
Feb-11	4.316
Mar-11	3.793
Apr-11	4.240
May-11	4.377
Jun-11	4.326
Jul-11	4.357
Aug-11	<u>4.370</u>
Average for the 12 months	4.087
Btu	<u>1.0701</u>

Average per Mcf

\$	4.37
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MONTGOMERY CREEK GAS COMPANY
Schedule 2 - CONTRACTED MANAGEMENT SERVICES

For The Year	8/31/10 to 7/31/11	8/31/09 to 7/31/10
Management Fees per year	\$ 9,600.00	\$ 9,600.00
	<u>\$ 9,600.00</u>	<u>\$ 9,600.00</u>
Management Fees per mcf		
Management Fees	9,600.00	9,600.00
Total MCF's	<u>5,676</u>	<u>4,885</u>
Fees per MCF	1.69	1.97

Rate Component

\$ 1.83

MONTGOMERY CREEK GAS COMPANY

Schedule 3 - TOTAL MCF'S SOLD For Two Preceeding Years

AUGUST 1, 2010 to JULY 31, 2011

AUGUST 1, 2009 to JULY 31, 2010

	MCF		MCF
8/31/2010	80	8/31/2009	57
9/30/2010	137	9/30/2009	113
10/31/2010	228	10/31/2009	156
11/30/2010	581	11/30/2009	723
12/31/2010	966	12/31/2009	809
1/31/2011	1223	1/31/2010	781
2/28/2011	879	2/28/2010	723
3/31/2011	737	3/31/2010	740
4/30/2011	388	4/30/2010	419
5/31/2011	192	5/31/2010	198
6/30/2011	157	6/30/2010	81
7/31/2011	108	7/31/2010	85
TOTAL MCF	5676	TOTAL MCF	4885

Number of Customers	84	81
Average annual use per customer	67.57	60.31
Months	12	12
Average monthly use per customer	5.63	5.03

Two Year Average

Average annual use per customer year ending 7/31/11	67.57
Average annual use per customer year ending 7/31/10	60.31
Weighted Total	127.88
Months	24
Average monthly use per customer	5.33