



November 28, 2011

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

Re: Gas Cost Adjustment
Kentucky Frontier Gas, LLC
dba Cow Creek Gas, Inc.

RECEIVED

NOV 30 2011

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC dba, Cow Creek Gas, Inc. (CCG) we are filing for Gas Cost Adjustment for the period commencing January 1, 2012.

Enclosed is a Rates and Charges form and related calculations on which we base our request for rate changes. This GCA is filed pursuant to the Sigma tariff adopted by Cow Creek pursuant to the Commission's Order in Case No. 2007-00419.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba COW CREEK GAS, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosures

Company Name

Cow Creek Gas, Inc. (Sigma)

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: November 28, 2011

Date Rates to be Effective: January 1, 2012

Reporting Period is Calendar Quarter Ended: September 30, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	4.1197
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(1.9792)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)			2.1405

GCR to be effective for service rendered from January 1, 2012 to March 31, 2012

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	166,008
/	Sales for the 12 months ended <u>September 30, 2011</u>	Mcf		40,296
=	Expected Gas Cost (EGC)	\$/Mcf	\$	4.1197
<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	\$	(0.1400)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.6046)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(1.2658)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.0312
=	Actual Adjustment (AA)	\$/Mcf	\$	(1.9792)
<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	\$	-

Cow Creek Gas, Inc. (Sigma) - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

MCF Purchases for 12 months ended: September 30, 2011

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)* Rate	(6) (4) x (5) Cost
ING + Nytis			34,172	4.8580	\$ 166,007.58
					\$ -
					\$ -
					\$ -
Totals			34,172		\$ 166,007.58

Line loss 12 months ended: June-11 based on purchases of 34,172 Mcf
and sales of 40,296 Mcf. -17.92%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 166,008
/ Mcf Purchases (4)	Mcf	34,172
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.8580
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	34,172
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 166,008

* 80% of TCo Appa Index (3 Mo. Avg.)+ \$1.25/Mcf transportation = 4.8580 \$/Mcf
80% NYMEX Futures 3 Mo. Avg. = \$2.8867/Dth + \$0.12 TCo Appa (basis) = \$3.0067/Dth x 1.2 Dth/Mcf = \$3.6080

Cow Creek Gas, Inc. - Sigma

Schedule IV
Actual Adjustment

For the 3 month period ending: September 30, 2011

Particulars	Unit	Month 1	Month 2	Month 3
		Jul-11	Aug-11	Sep-11
Total Supply Volumes Purchased	Mcf	657	715	517
Total Cost of Volumes Purchased	\$	\$ 3,406	\$ 3,948	\$ 2,603
(divide by) Total Sales (not less than 95% of supply)	Mcf	624	679	685
(equals) Unit Cost of Gas	\$/Mcf	\$ 5.4570	\$ 5.8123	\$ 3.8000
(minus) EGC in effect for month	\$/Mcf	\$ 8.2792	\$ 8.2792	\$ 8.2792
(equals) Difference	\$/Mcf	\$ (2.8222)	\$ (2.4669)	\$ (4.4792)
(times) Actual sales during month	Mcf	492	480	685
(equals) Monthly cost difference	\$	\$ (1,388.51)	\$ (1,184.12)	\$ (3,068.25)

	Unit	Amount
Total cost difference	\$	\$ (5,640.88)
(divide by) Sales for 12 Months ended September 30, 2011	Mcf	40,296
(equals) Actual Adjustment for the Reporting Period	\$	\$ (0.1400)
(plus) Over-recovery component from collections through expired AAs	\$	\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)	\$	\$ (0.1400)