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PUBLIC SERVICE
COMMISSION

February 27, 2013

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.

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 April 1, 2013.

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: February 27, 2013

Date Rates to be Effective: April 1, 2013

Reporting Period is Calendar Quarter Ended: December 31, 2012

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	4.5292
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(1.4035)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)			3.1257

GCR to be effective for service rendered from:

4/1/13 to 6/30/13

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	170,810
/	Sales for the 12 months ended December 31, 2012	Mcf		37,713
=	Expected Gas Cost (EGC)	\$/Mcf	\$	4.5292
<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	\$	(0.1906)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.0062)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.3389)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.8678)
=	Actual Adjustment (AA)	\$/Mcf	\$	(1.4035)
<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: December 31, 2012

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)* Rate	(6) (4) x (5) Cost
ING + Nytis			31,602	4.3018	135,945
Jefferson			11,229	4.3018	48,305
Walker + HTC			686	4.3625	2,993
					0
Totals			43,517		187,243

Line loss 12 months ended: Dec-12 based on purchases of 43,517 Mcf
and sales of 37,713 Mcf. 13%

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	187,243
/ Mcf Purchases (4)	Mcf	43,517
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 4.3028
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	39,698
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 170,810

- * 80% of estimated** TCo 3 Mo. Avg.+ \$1.25/Mcf transportation = 4.3018 \$/Mcf
- ** NYMEX Futures 3 Mo. Avg. = \$3.4800/Dth + \$0.00 TCo Appa (basis) = \$3.4800/Dth
\$3.4800/Dth x .8 = \$2.7840/Dth x 1.0962 Dth/Mcf = \$3.0518/Mcf
- *** Walker & HTC contract = \$3.00/Dth or 80% of TCo, whichever is greater
80% of TCo = \$2.7840/Dth < \$3.00/Dth; \$3.00/Dth x 1.0375 Dth/Mcf = \$3.1125/Mcf
\$3.1125/Mcf + \$1.25/Mcf transportation = \$4.3625/Mcf

Cow Creek Gas, Inc. - Sigma

Schedule IV
Actual Adjustment

For the 3 month period ending: December 31, 2012

<u>Particulars</u>	<u>Unit</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>
Total Supply Volumes Purchased	Mcf	3,447	7,162	7,378
Total Cost of Volumes Purchased	\$	\$ 8,700	\$ 24,025	\$ 28,426
(divide by) Total Sales (not less than 95% of supply)	Mcf	3,275	6,804	7,009
(equals) Unit Cost of Gas	\$/Mcf	\$ 2.6568	\$ 3.5311	\$ 4.0556
(minus) EGC in effect for month	\$/Mcf	\$ 4.1405	\$ 4.1405	\$ 4.1405
(equals) Difference	\$/Mcf	\$ (1.4837)	\$ (0.6094)	\$ (0.0849)
(times) Actual sales during month	Mcf	1,992	6,252	4,967
(equals) Monthly cost difference	\$	\$ (2,955.59)	\$ (3,810.20)	\$ (421.77)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (7,187.56)
(divide by) Sales for 12 Months ended: <u>December 31, 2012</u>	Mcf	37,713
(equals) Actual Adjustment for the Reporting Period		\$ (0.1906)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.1906)