

# BELFRY GAS COMPANY, INC.

Post Office Box 155  
Allen, Kentucky 41601  
(606) 874-2846

March 3, 2006

Public Service Commission  
Attn: Beth O'Donnell  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Case 2006-00104

**RECEIVED**

MAR - 8 2006

PUBLIC SERVICE  
COMMISSION

Dear Ms. Donnell:

Please find enclosed Belfry Gas Company's PGA for April 1, 2006, thru July 1, 2006.

If you have any further questions, please feel free to contact me at the above address or telephone number.

Sincerely,

*Stephen G. Jenkins*

Stephen G. Jenkins, Manager  
Belfry Gas Company, Inc.

Enclosure

KINHAG DEVELOPMENT COMPANY, LLC

P.O. Box 155  
Allen, KY 41601

RECEIVED  
MAR - 8 2006  
PUBLIC SERVICE  
COMMISSION

February 23, 2006

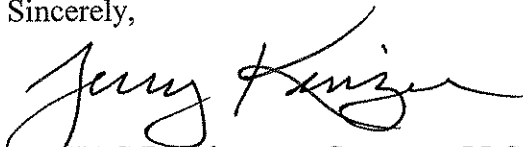
Belfry Gas Company, Inc.  
P.O. Box 504  
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective April 1, 2006. Your company will be charged a cost of \$10.5720 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinthag Development Company, LLC, and the most current FERC Index as of February 15, 2006. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

## NYMEX

15 February 06 – Settle

Month	Price	Change	Highest	Lowest
Mar.	7.066	-.048	15.287	1.249
Apr.	7.249	-.050	11.508	1.418
May	7.399	-.053	11.158	1.596
June	7.524	-.055	11.180	1.685
July	7.647	-.057	11.213	1.517
Aug.	7.722	-.057	11.253	1.385
Sept.	7.787	-.047	11.243	1.484
Oct.	7.869	-.050	13.907	1.406
Nov	8.729	-.045	14.338	1.772
Dec.	9.554	-.040	14.764	1.661
Jan.	10.089	-.030	15.378	1.639
Feb.	10.109	-.030	15.427	1.046

Ave. = 8.2287

 $8.2287 + .35 = 8.5787$ 

ALL TIME HIGH 12.7018

MARCH CRUDE 59.57 -1.91 ALL TIME HIGH 70.90

3:30 PM DOW 11,047.04 +18.65 ALL TIME HIGH 11,722.90

3:30 PM NASDAC 2,271.93 +9.76

22 February through 28 February – The Northeast will be cooler than normal. The Southwest will be warmer than normal.

## INSIDE FERC INDICES FOR FEBRUARY

COLUMBIA APPALACHIA = \$8.71

COLUMBIA GULF ONSHORE LA. = \$8.38

BASIS = \$.33

TENN. LA 800 LEG = 8.24

DOMINION TRANS. (APPAL) = \$8.70

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

RECEIVED  
MAY 4 2006  
PUBLIC SERVICE  
COMMISSION

Date Filed:

MARCH 6, 2006

Date Rates to be Effective:

APRIL 1, 2006

Reporting Period is Calendar Quarter Ended:

DECEMBER 31, 2005

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 10.5742
+ Refund Adjustment (RA)	\$/Mcf	.0006
+ Actual Adjustment (AA)	\$/Mcf	(.1102)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 10.4646

GCR to be effective for service rendered from April 1, 2006 to JUNE 30, 2006

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule III)	\$	535,709
+ Sales for the 12 months ended <u>Dec. 31, 2005</u>	Mcf	50,662
= Expected Gas Cost (EGC)	\$/Mcf	10.5742
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	.0006
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
= Refund Adjustment (RA)	\$/Mcf	.0006
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0014)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0056)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.01987)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0833)
= Actual Adjustment (AA)	\$/Mcf	(.1102)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0
= Balance Adjustment (BA)	\$/Mcf	0

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended DECEMBER 31, 2005

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) (4)x(5) <u>Cost</u>
KINHAG DEVELOPMENT COMPANY, LLC	42,227	1.20	50,672	10.5720	\$ 535,709

<b>Totals</b>	<u>42,227</u>		<u>50,672</u>		<u>\$ 535,709</u>
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Line loss for 12 months ended Dec. 31, 2005 is .0198% based on purchases of 50,672 Mcf and sales of 50,662 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	535,709
+ Mcf Purchases (4)	Mcf	50,672
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.5721
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	50,672
* Total Expected Gas Cost (to Schedule IA.)	\$	535,709

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE III  
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended DEC. 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	29.98
+ Interest	\$	0
= Refund Adjustment including interest	\$	29.98
+ Sales for 12 months ended <u>DEC. 31, 2005</u>	Mcf	50662
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	.000591

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended DECEMBER 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>( OCT )</u>	<u>Month 2</u> <u>( NOV )</u>	<u>Month 3</u> <u>( DEC )</u>
Total Supply Volumes Purchased	Mcf	912	3050	7817
Total Cost of Volumes Purchased	\$	8,788	29,390	75,325
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	907	3050	7812
= Unit Cost of Gas	\$/Mcf	9.6891	9.6361	9.6422
- EGC in effect for month	\$/Mcf	9.6503	9.6503	9.6503
= Difference [(Over-)/Under-Recovery]	\$/Mcf	.0388	(.0142)	(.0081)
x Actual sales during month	Mcf	907	3050	7812
= Monthly cost difference	\$	35	(43)	(63)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(71)
+ Sales for 12 months ended <u>DECEMBER 31, 2005</u>	Mcf	50662
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0014)



SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended DECEMBER 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	
Equals: Balance Adjustment for the AA.	\$	
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	
 Total Balance Adjustment Amount (1) + (2) + (3)	 \$	
+ Sales for 12 months ended _____	Mcf	
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	○