

# BELFRY GAS COMPANY, INC.

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

RECEIVED  
JUN 12 2006  
PUBLIC SERVICE  
COMMISSION

June 7, 2006

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

Case No. 2006-00282

Dear Ms. Donnell:

Please find enclosed Belfry Gas Company's PGA for July 1, 2006, thru October 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**

May 26, 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 July 1, 2006. Your company will be charged a cost of \$9.1320 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinhag Development Company, LLC, and the most current FERC Index as of May 25, 2006. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

## NYMEX

25 May 06 – Settle

## JUNE CLOSSES TOMORROW

Month	Price	Change	Highest	Lowest
June	5.975	+011	11.180	1.685
July	6.114	-.056	11.213	1.517
Aug.	6.365	-.040	11.253	1.385
Sept.	6.625	-.020	11.243	1.484
Oct.	6.980	-.0	13.907	1.406
Nov	8.290	-.040	14.338	1.772
Dec.	9.550	-.085	14.764	1.661
Jan.	10.240	-.110	15.378	1.639
Feb.	10.270	-.110	15.427	1.046
Mar.	10.100	-.110	15.287	1.249
Apr.	8.510	-.235	11.508	1.418
May	8.345	-.245	11.158	1.596

Ave. = 8.1137

8.1137 + .35 = 8.4637

ALL TIME HIGH 12.7018

JULY CRUDE 71.32 +1.46

ALL TIME HIGH 75.17

3:30 PM DOW 11,201.37 +84.05 ALL TIME HIGH 11,722.90

3:30 PM NASDAC 2,194.88 +25.71

01 June through 07 June – The Northeast and the Southwest will be somewhat warmer than normal.

## INSIDE FERC INDICES FOR MAY

COLUMBIA APPALACHIA = \$7.51

COLUMBIA GULF ONSHORE LA. = \$7.12

BASIS = \$.39

TENN. LA 800 LEG = 7.07

DOMINION TRANS. (APPAL) = \$7.50

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

JUNE 7, 2006

Date Rates to be Effective:

JULY 1, 2006

Reporting Period is Calendar Quarter Ended:

MARCH 31, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.1320
+ Refund Adjustment (RA)	\$/Mcf	.0006
+ Actual Adjustment (AA)	\$/Mcf	(.0334)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.0992

GCR to be effective for service rendered from July 1, 2006 to SEPT. 30, 2006

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule I)	\$	398,183
+ Sales for the 12 months ended <u>MARCH 31, 2006</u>	Mcf	43,603
= Expected Gas Cost (EGC)	\$/Mcf	9.1320
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	0
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	.0006
+ 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	(.0065)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0014)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0056)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0199)
= Actual Adjustment (AA)	\$/Mcf	(.0334)
<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 MARCH 31, 2006

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
KINHAG DEVELOPMENT COMPANY, LLC	36,336	1.20	43,603	9.1320	\$ 398,183

Totals	<u>36,336</u>		<u>43,603</u>		<u>\$ 398,183</u>
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Line loss for 12 months ended MARCH 31, 2006 is .0230% based on purchases of 43,603 Mcf and sales of 43,593 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	398,183
+ Mcf Purchases (4)	Mcf	<u>43,603</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	9.1320
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>43,603</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	398,183

\*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 MARCH 31, 2006

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

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended MARCH 31, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 ( JAN )</u>	<u>Month 2 ( FEB )</u>	<u>Month 3 ( MAR )</u>
Total Supply Volumes Purchased	Mcf	8009	7463	5558
Total Cost of Volumes Purchased	\$	140,318	130,752	97,376
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	8009	7463	5558
= Unit Cost of Gas	\$/Mcf	17.5200	17.5200	17.5199
- BGC in effect for month	\$/Mcf	17.5335	17.5335	17.5335
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.0135)	(.0135)	(.0136)
x Actual sales during month	Mcf	8009	7463	5558
= Monthly cost difference	\$	(108)	(101)	(76)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(285)
+ Sales for 12 months ended <u>MARCH 31, 2006</u>	Mcf	43,593
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0065)



SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended MARCH 31, 2006

<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	○