

BELFRY GAS COMPANY, INC.

Post Office Box 504
Allen, KY 41601
(606) 874-2846

RECEIVED

NOV 30 2006

PUBLIC SERVICE
COMMISSION

November 28, 2006

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

Dear Ms. O'Donnell:

Case No. 7006-00503

Please find enclosed Belfry Gas Company's PGA for January 1, 2007, thru April 1, 2007.

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

BELFRY GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

RECEIVED
NOV 30 2006
PUBLIC SERVICE
COMMISSION

Case No. 7006-00503

Date Filed:

NOVEMBER 29, 2006

Date Rates to be Effective:

JANUARY 1, 2007

Reporting Period is Calendar Quarter Ended:

SEPTEMBER 30, 2006

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 8.9959
+ Refund Adjustment (RA)	\$/Mcf	(.0006)
+ Actual Adjustment (AA)	\$/Mcf	(.008295)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 8.9870

GCR to be effective for service rendered from JAN 1, 2007 to MARCH 31, 2007

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	380,744
	+ Sales for the 12 months ended <u>SEPTEMBER 30, 2006</u>	Mcf	42,324
	= Expected Gas Cost (EGC)	\$/Mcf	8.9959
B.	<u>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	0
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	(.0006)
	= Refund Adjustment (RA)	\$/Mcf	(.0006)
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.000005
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0004)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0065)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0014)
	= Actual Adjustment (AA)	\$/Mcf	(.008295)
D.	<u>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 SEPTEMBER 30, 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	35,348	1.20	42,418	8.976	\$ 380,744
Totals	<u>35,348</u>		<u>42,418</u>		<u>\$ 380,744</u>

Line loss for 12 months ended SEPTEMBER 30, 2006 is .2217% based on purchases of 42,418 Mcf and sales of 42,324 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	380,744
+ Mcf Purchases (4)	Mcf	42,418
= Average Expected Cost Per Mcf Purchased	\$/Mcf	8.9760
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	42,418
= Total Expected Gas Cost (to Schedule IA.)	\$	380,744

*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 SEPTEMBER 30, 2006

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

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (JULY)</u>	<u>Month 2 (AUG)</u>	<u>Month 3 (SEPT)</u>
Total Supply Volumes Purchased	Mcf	839	1032	824
Total Cost of Volumes Purchased	\$	7,662	9,424	7,525
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	839	1032	824
= Unit Cost of Gas	\$/Mcf	9.1323	9.1318	9.1323
- EGC in effect for month	\$/Mcf	9.1320	9.1320	9.1320
= Difference [(Over-)/Under-Recovery]	\$/Mcf	.0003	(.0002)	.0003
x Actual sales during month	Mcf	765	1032	814
= Monthly cost difference	\$.2295	(.2064)	.2287

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$.2518
+ Sales for 12 months ended <u>SEPTEMBER 30, 2006</u>	Mcf	42,324
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.000005

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 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	○

KINHAG DEVELOPMENT COMPANY, LLC

P. O. BOX 155
ALLEN, KY 41601

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PUBLIC SERVICE
COMMISSION

November 28, 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 January 1, 2007. Your company will be charged a cost of \$8.9760 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 November 22, 2006. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KIHAG Development Company, LLC

Enclosure

11/22/06 11:58 AM

NYMEX

22 Nov. 06 - Settle

Month	Price	Change	Highest	Lowest
Dec.	7.740	- .248	14.764	1.661
Jan.	8.099	-.338	15.378	1.639
Feb.	8.154	-.338	15.427	1.046
Mar.	8.049	-.308	15.287	1.249
Apr.	7.769	-.223	11.508	1.418
May	7.763	-.199	11.158	1.596
June	7.833	-.194	11.180	1.685
July	7.913	-.189	11.213	1.517
Aug.	7.978	-.184	11.253	1.385
Sept.	8.028	-.179	11.243	1.484
Oct.	8.123	-.174	13.907	1.406
Nov.	8.603	-.144	14.338	1.772

Ave. = 8.0043

8.0043 + .28 = 8.2843

ALL TIME HIGH 12.7018

JAN. CRUDE 59.24 -.93

ALL TIME HIGH 77.03

3:00 PM

DOW 12,318.22 -3.37

ALL TIME HIGH 12,342.56

3:00 PM

NASDAQ 2,465.23 +10.39

30 Nov through 06 Dec. -- The Northeast will be normal. The Southwest will be warmer than normal.

INSIDE FERC INDICES FOR NOVEMBER

COLUMBIA APPALACHIA = \$7.38

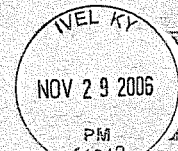
COLUMBIA GULF ONSHORE LA. = \$7.11

BASIS = \$.27

TENN. LA 800 LEG = 7.08

DOMINION TRANS. (APPAL) = \$7.48

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