

2008-101

B & H GAS COMPANY

P. O. Box 339
Harold, KY 41635
Phone (606) 478-5851
Fax (606) 478-5266

March 18, 2008

RECEIVED

MAR 19 2008

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, KY 40602-0615

Dear Ms. O'Donnell;

Please find enclosed one original and three copies B & H Gas Company's proposed Gas Cost Adjustment and supporting calculations.

B & H Gas Company respectfully requests that the Commission approve the enclosed Gas Cost Adjustments

Sincerely,



Bud Rife
President B & H Gas Company
attachments

br/db

B & H Gas Company
Cost of Gas Purchased Based on Wholesale Rates
Effective March 1, 2008

Purchased gas adjustment filing reflects changes in rates to be effective March 1, 2008 based on supplier rates effective February 2008 calculated on purchases ** from January 1, 2007 through December 31, 2007

		Cost effective October 1, 2004	
<u>Supplier</u>	<u>MCF</u>	<u>Rate/MCF</u>	<u>Cost of Purchases</u>
B & S Oil And Gas Co.	24,384	\$7.00	\$170,688.00

			Cost effective March 1, 2008
B & S Oil	24,384	\$9.38	\$228,271.92
Increase in rates		\$2.38	

*Attached is a copy of the February 2008 agreement between B & H and B & S Oil and Gas Company. The increased rate reflects the significantly higher market price conditions for natural gas around the country. The rate is lower than the current NYMEX natural gas futures prices (attached). NYMEX prices are prone to wide fluctuations from week to week. B & H Gas is aware that Columbia Gas of Kentucky's IUS rate is currently \$13.47 per MCF and that Equitable Gas Company's most current expected gas cost is \$12.00. B & H believes B & S contract rate to be very reasonable in comparison. Through the contract with B & S, B & H will have the benefit of a fixed price through the heating season while gas costs around the country are predicted to rise in the coming months. B & S has not increased its rate to B & H in three and half (3 ½) years.

** MCF sales volume for B & H is used for the purchase volume because line loss is so minimal.

P.S.C. Ky. No.

Cancels P.S.C. Ky. No. 2004-00449

B & H Gas Company

Of

Harold, Kentucky 41635

Rates, Rules and Regulations for Furnishing Gas

At

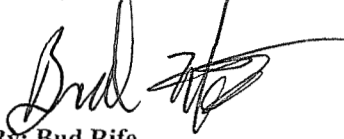
Betsy Layne, Stanville, Ivel, Mare Creek, Ivy Creek

**Filed With Public Service Commission
Of Kentucky**

Issued March 4, 2008

Effective March 31st, 2008

Issued By: B & H Gas Company


By: Bud Rife
President/Manager

BETSY LAYNE, STANVILLE, IVEL, MARE CREEK, IVY CREEK

P.S.C. NO

CANCELLING P.S.C. NO 2004-00449

B&H GAS COMPANY

CLASSIFICATION OF SERVICE

Proposed rates:

Residential

First 2 MCF (minimum bill)	\$23.5538
Next 8 MCF	\$11.3588
Next 20	\$10.9444
Next 30	\$10.7403

DATE OF ISSUE March 4, 2008 DATE EFFECTIVE March 31st, 2008

Issued By: Bud Rife President / Manager P.O. Box 339 Harold, Ky 41653

Issued by authority of an order of the public service commission of Kentucky.

B & S OIL AND GAS COMPANY
PO BOX 155
HAROLD, KY 41635

AGREEMENT

THIS AGREEMENT, Made and entered into this 14th, day of February, 2008 by and between B & S Oil and Gas Company of Harold, KY; and B & H Gas Company, a Kentucky Corporation of Harold, KY.

WHEREAS, the B & S Oil and Gas Company is the owner of producing gas wells, and

WEREAS, B & H Gas Company is desirous of purchasing gas for resale in the Floyd and Pike County areas.

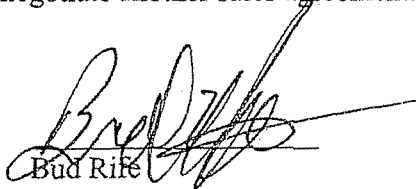
IT IS NOW, THEREFORE AGREED, by and between the parties that in consideration of the sum of nine dollars & thirty eight cents (\$9.38) per MCF. B & S Oil and Gas Company will sell to B & H Gas Company, a Kentucky Corporation, such amount of natural gas as the B & H Gas Company may desire; provided that said B & S Oil and Gas Company has such amount of natural gas available. Kentucky West VA meter charge for B & H Gas Company is .38 cents per MCF. With the total charge to the customer to be \$9.38 per MCF.

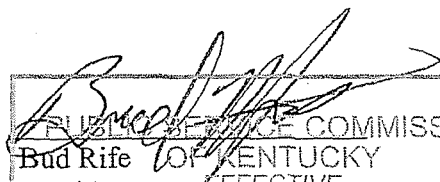
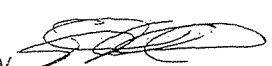
B & H Gas Company is to accept delivery of said gas at the metering point of each of the producing wells which B & S Oil and Gas Company own and said B & H Gas Company shall be responsible for maintaining the lines from the metering point.

It is understood that B & S Oil and Gas Company agree to furnish gas up to the extent of the production available at such wells, which are or may hereafter be connect to the lines of B & H Gas Company.

Payments shall be made no later than the 20th of each month following the month in which the gas is delivered.

The terms of this agreement shall be for one (1) year from the date of execution of the agreement. At the expiration of one (1) year, September 1, 2008, the parties hereto may negotiate another sales agreement.


Bud Rife
President
B & S Oil and Gas Company


PUBLIC SERVICE COMMISSION
Bud Rife OF KENTUCKY
President EFFECTIVE
3/22/2008
B & H Gas Company
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)
By 
Executive Director

Gas Bill

Residential Service

Account Number
10751731 002 000 0
Statement Date
02/12/2008
6211

Page 1 of 2

Billing & Payment Summary

Billing & Payment Notes

Customer Name		See back of bill for Detail of Charges for Gas Service.	
Bud Rife			
Previous Amount Due on 01/28/2008		\$109.69	
Payments Received by 02/07/2008	-	\$109.69	
Balance on 02/12/2008	=	\$0.00	
Charges for Gas Service This Period	+	\$118.50	

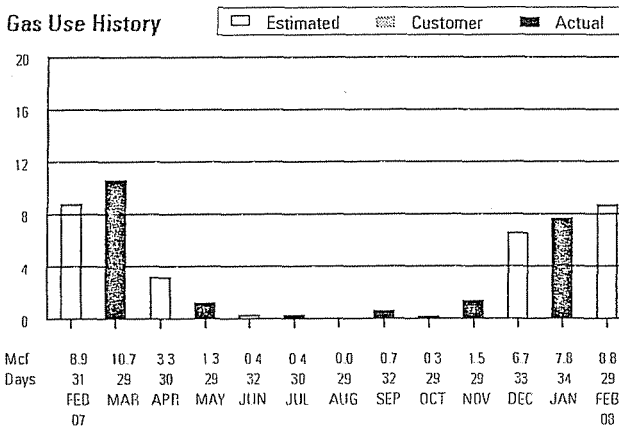
Amount Due by 02/26/2008 = \$118.50

Service Summary

Service Summary Notes

Service Location		Your next actual meter reading date is between 03/10/2008 - 03/14/2008	
Main St Harold KY 41635			
Meter Number		Meter Readings (29 Billing Days)	
M4202228		Estimated Reading on 2/12	1409
		Actual Reading on 1/14	1321
		Gas Used (Mcf)	= 8.8

Gas Use History



Daily Comparisons

Month	Avg Daily Temp	Avg Daily Usage
Feb '08	32.3°	0.3
Jan '08	39.7°	0.2
Feb '07	28.9°	0.3

Your Average Monthly Usage is 3.5 Mcf

Your Total Annual Usage is 41.9 Mcf

118.50 ÷
8.8 =
13.47 *

online billing and payment services, and other useful tools.

Billing Options

Budget Payment Plan Reduce the impact of higher, unstable natural gas prices by spreading the cost of winter heating more evenly throughout the year. Know how much to expect to pay each month.

Customer CHOICE Purchase your natural gas from an unregulated supplier and have more control over the gas cost portion of your bill, which amounts to nearly two-thirds of your bill. Columbia Gas will still deliver the gas and provide safe, reliable service.

Payment Options

E-bill Receive and pay your bill online. To enroll, visit our Web site, www.columbiagasky.com.

ZipCheck Authorize your bank to pay your bill automatically each month.

Phone Call NCO EasyPay at 1-800-284-8572 or link from our Web site to pay by credit card, debit card or electronic check. NCO charges a convenience fee for each transaction.

Authorized Payment Centers Visit DirectLink e-Services on our Web site or call for the location of an authorized payment center near you. The agent charges a service fee for each transaction.

Mail Detach and return the coupon below with payment to:

Columbia Gas of Kentucky
P.O. Box 2200
Lexington, KY 40588-2200

Gas Meter Information

Actual Reading A meter reader has read the meter. You're required to provide us access to read the meter at least once a year or risk shut-off. Please contact us to make arrangements if access is required.

Estimated Reading During the months we don't read the meter, we accurately estimate your reading based on the history of usage at the service address and normal temperatures for the billing period. We verify the reading the next time we read the meter to make sure you pay only for the energy you've used.

Gas Usage We measure your gas usage in Mcf equal to 1,000 cubic feet.

Gas Bill

Residential Service

Page 2 of 2

Account Number
10751731 002 000 0
Statement Date
02/12/2008
6211

Detail of Charges for Gas Service

Service Charges Notes

Customer Charge	\$9.30
Gas Delivery Charge	\$15.35
Gas Supply Cost 8.8 Mcf at \$10.58910 per Mcf	\$93.19
Research & Development Factor	\$0.13
Energy Assistance Program Surcharge	\$0.53
Total Charges for Service This Period	\$118.50

The Customer Charge covers a portion of the fixed costs required to ensure that natural gas service is available to your home. This amount is the same with each bill.

Gas Delivery Charges are the costs of delivering the gas to retail customers. The charges for these services...

▼ Payment Coupon

Turn Me Over ▶▶
for more details about
your account



Confirmation Date January 31, 2008 14:53

Transaction Confirmation - EXHIBIT A

This Confirmation Letter is being provided in accordance with the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas or the Gas Industry Standards Board Base Contract for Short-Term Sale and Purchase of Natural Gas ("Contract"), which ever is applicable, between Equitable Energy, LLC ("EEC") and Counterparty, and constitutes part of and is subject to all terms and provisions of the Contract. In the event the Parties have not executed a Contract, the terms and conditions of the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas and Equitable Energy's Special Provisions (attached if applicable) and this Confirmation Letter shall apply to this Transaction.

Please sign and return one copy of the attached Confirmation to EEC within two (2) Business Days of receipt to the fax number set forth below. The terms of this Confirmation Letter are binding on EEC and Counterparty unless Counterparty objects to EEC in writing within said two (2) Business Days. If you are not in agreement with the above terms, please contact Theresa L. Petersen at 412.395.2635.

Seller		Buyer	
EQUITABLE ENERGY LLC 4TH FLOOR 225 NORTH SHORE DRIVE PITTSBURGH, PA 15212-5861		B & H GAS COMPANY PO BOX 155 HAROLD, KY 41635-0155	
Deal Maker	BRIAN SHAFRANEK	Attn	BUD RIFE
Phone	Phone: 412.395.2627	Phone	Phone: (606) 478-5851
Email	Not available - Fax# 412.395.2675	Email	Not available - Fax# (606) 478-5266
Transaction ID			
S-B&HGASCO-0004			
Delivery Term and Pricing Detail			
Service Level	From	To	Price
FIRM	02/01/2008 10:00 am	03/01/2008 10:00 am	\$10.4500
Delivery Point Detail and Volumes			
Pipeline	Meter	Total/AvgDaily	Description
KENTUCKY.WV	42Y	175/ 6 Dth	B & H GAS COMPANY
KENTUCKY.WV	42T	175/ 6 Dth	B & H GAS COMPANY
Special Conditions			
Buyer shall be required to remit to Seller a prepayment for all natural gas supply in immediately available funds by wire transfer no later than 4 p.m. Eastern Standard Time on January 31, 2008. In the event Buyer fails to remit the Prepayment Amount on the date and time specified above, Seller shall not be required to deliver scheduled quantities to Buyer.			
Seller		Buyer	
EQUITABLE ENERGY LLC		B & H GAS COMPANY	
By Authorized Signer		By Authorized Signer	
Title Sr. Market Specialist		Title President	
Date	January 31, 2008	Date	



Confirmation Date March 03,2008 09:06

Transaction Confirmation – EXHIBIT A

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Seller		Buyer	
EQUITABLE ENERGY LLC 4TH FLOOR 225 NORTH SHORE DRIVE PITTSBURGH, PA 15212-5861		B & H GAS COMPANY PO BOX 155 HAROLD, KY 41635-0155	

Deal Maker	BRIAN SHAFRANEK	Attn	BUD RIFE
Phone	Phone: 412.395.2627	Phone	Phone: (606) 478-5851
Email	Not available – Fax# 412.395.2675	Email	Not available – Fax# (606) 478-5268

Transaction ID

S-B&HGASCO-0005

Delivery Term and Pricing Detail

Service Level	From	To	Price
FIRM	03/01/2008 10:00 am	04/01/2008 10:00 am	\$12.0000

Delivery Point Detail and Volumes

Pipeline	Meter	Total/AvgDaily	Description
KENTUCKY.WV	42Y	37/ 1 Dth	B & H GAS COMPANY
KENTUCKY.WV	42T	38/ 1 Dth	B & H GAS COMPANY

Special Conditions

Seller		Buyer	
EQUITABLE ENERGY LLC		B & H GAS COMPANY	
By Authorized Signer		By Authorized Signer	
Title		Title	
Sr. Market Specialist			
Date	March 03,2008	Date	



Energy Information Administration

U.S. Energy Statistics from the U.S. Government

[Home](#) > [Natural Gas](#) > [Navigator](#)

Natural Gas Navigator

Summary	Prices	Exploration & Reserves	Production	Imports/Exports & Pipelines	Storage	Consumption	Publications & Analysis
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Natural Gas Futures Prices (NYMEX)

(Dollars per Million BTU)

Period: Daily

Contract	03/04/08	03/05/08	03/06/08	03/07/08	03/10/08	03/11/08	View History
Contract 1	9.353	9.741	9.742	9.769	10.024	10	1994-2008
Contract 2	9.393	9.776	9.792	9.819	10.075	10.064	1994-2008
Contract 3	9.443	9.819	9.851	9.88	10.136	10.134	1994-2008
Contract 4	9.516	9.884	9.915	9.948	10.214	10.222	1993-2008

Last Updated 03/12/2008

- = No Data Reported; NA = Not Available; W = Withheld to avoid disclosure of individual company data.

Notes: Prices are based on delivery at the Henry Hub in Louisiana. Official daily closing prices at 2:30 p.m. from the trading floor of the New York Mercantile Exchange (NYMEX) for a specific delivery month. See Definitions, Sources, and Notes link above for more information on this table.

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STEO Table Browser

Date Published : March 11, 2008

Next Update : April 8, 2008

Select another STEO Table to view :

Table **5c. U.S. Regional Natural Gas Prices**

Frequency: Start Year: End Year:

Annual
 Monthly
 Quarterly

Table 5c. U.S. Regional Natural Gas Prices	
Dollars per Thousand Cubic Feet	
	2008
Wholesale/Spot	
U.S. Average Wellhead	7.24
Henry Hub Spot Price	8.18
Residential	
New England	17.49
Middle Atlantic	15.91
East North Central	12.50
West North Central	12.85
South Atlantic	17.26
East South Central	15.02
West South Central	13.31
Mountain	11.79
Pacific	12.71
U.S. Average	13.84
Commercial	
New England	14.66
Middle Atlantic	13.08
East North Central	11.55
West North Central	11.43
South Atlantic	13.95
East South Central	13.27
West South Central	11.06
Mountain	10.73
Pacific	11.56
U.S. Average	12.26
Industrial	
New England	13.21
Middle Atlantic	11.57
East North Central	10.33
West North Central	8.91
South Atlantic	10.24
East South Central	9.66
West South Central	7.92
Mountain	9.63
Pacific	9.08