

BEAR FORK GAS COMPANY

P.O. Box 2227
Pikeville, KY 41502
(606) 432-1549

May 29, 2009

RECEIVED

JUN 01 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

RE: Bear Fork Gas Company's Farm Tap Rate Increase Request

Dear Mr. Derouen:

2009-06207

Enclosed please find an original and ten (10) copies of Bear Fork Gas Company's farm tap rate increase request. This request affects customers served by Bear Fork Gas Co. pursuant to KRS 278.485.

Please include on the Commission's official service list for this proceeding, as representatives of Bear Fork Gas Co., Lynette R. Schindler, CPA, 139 College Street, Pikeville, KY 41501, together with the undersigned.

Should you require anything further in this regard, please do not hesitate to contact me.

Sincerely,



Sandra Newsom

BEAR FORK GAS COMPANY, LLC

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Pikeville, KY 41502
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PUBLIC SERVICE
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Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Re: Rate Increase Request

Dear Mr. Derouen:

2009-00207

Due to the increase in the cost of natural gas, our company must increase our farm tap gas rates. We currently have 83 customers located in the Bear Fork area of Pike County, Kentucky that consume an average of 7.55 Mcf's per month per customer (83 mcf/customer/year.)

The calculated gas price is \$12.59 per Mcf. We have listed the different components of the rate below. Please note that there is no profit built into this rate.

Gas Price Calculation:

	Amount	
12 mo. NYMEX Strip as of 4/1/09	6.93	Dth
Appalachian Differential	0.30	Dth
	<u>7.23</u>	Dth
BTU conversion based on Chesapeake billing statement	1.2340	
	<u>8.92</u>	MCF
Schedule 1 Well Operator Costs	\$1.82	
Schedule 2 - Administrative Personnel Cost	\$0.69	
Schedule 3 - Meter Replacement, Supplies, etc.	\$0.11	
Schedule 4 - Mileage for Operator	\$0.61	
Schedule 5 - Postage & Office Supplies	\$0.06	
Cost per MCF	\$12.22	
School Tax @3%	0.37	
Total Cost per MCF	<u>12.59</u>	

Assumption for usage:

83 customers		
total mcf's for 2008 year	7520	
average mcf's per customer	91	Mcf/year
average mcf's per customer per month	7.55	

Bear Fork Gas Company, LLC would like to amend the rates and charges section of the original tariff filed to read as follows:

Monthly Rates:

Minimum Bill (1 Mcf):	\$10.00
All additional Mcf:	\$6.50

The rates are lower than calculated due to the fact that I feel the higher price will be detrimental to our customers in the present economic climate.

The notice to customers required by 807 KAR 5.026.9(d) was mailed on this same day.

If you have any further questions, please contact me.

Sincerely,

Sandra Newsom, President

BEAR FORK GAS CO., LLC
Schedule 1 Well Operator Costs

Base Pay	\$16.42
Social Security/Medicare	1.26
FUTA/SUTA	<u>0.62</u>
	<u><u>\$18.30</u></u>

Assume per Customer:

Meter reading - 15 minutes/customer/month x 12	3 hrs/year/customer
Call outs, maintenance, etc.	<u>6 hrs/year/customer</u>

Total Hours per customer 9 hrs/year/customer

Total Hours for year @ 83 customers 747

Labor Cost per MCF Calculation:

747 hrs x \$18.30 per hour \$13,670.10

total hrs / 7520 mcfs 1.82 per Mcf

BEAR FORK GAS CO., LLC
Schedule 2 - Administrative Personnel Cost

Base Pay	\$23.07
Social Security/Medicare	1.76
FUTA/SUTA	<u>0.88</u>
	<u><u>\$25.71</u></u>

Assume:

Collections and Customer Questions	4 hrs/month
Processing Cash Receipts & Depositing in Bank	<u>8 hrs/month</u>
	12 hrs/month

Accounting Office - processing billing \$125.00 month

Administrative Personnel Cost per MCF Calculation:

12 hrs x \$25.71	\$308.52
Accounting Office	<u>125.00</u>
Total per month	<u><u>\$433.52</u></u>

12 months / 7520 mcf usage for 2008 \$0.69 per mcf

BEAR FORK GAS CO., LLC
Schedule 3 - Meter Replacement, Supplies, etc.

New Meter and/or regulators every 8 years	\$500.00 per year
Pipeline repairs	225.00
Paint, supplies, etc.	<u>111.00 per year</u>
Total per year	<u>\$836.00</u>

Cost per year / 7520 mcf usage	<u><u>\$0.11 per mcf</u></u>
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BEAR FORK GAS CO., LLC
Schedule 4 - Mileage for Operator

Estimate 200 miles per month to read meters	2400 miles per year
Call outs 10 per month @ 50 miles	<u>6000 miles per year</u>
	8400

IRS rate per mile (.55)	4620
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Cost per year / 7520 mcf usage	<u><u>\$0.61</u></u>
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BEAR FORK GAS CO., LLC
Schedule 5 - Postage & Office Supplies

Assume \$.44 per customer per month postage	\$438.24
office supplies for envelopes, etc	<u>50.00</u>
Total postage & supplies	<u><u>\$488.24 per year</u></u>

Total Postage & Supplies / 7520 mcf usage	<u><u>\$0.06</u></u>
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