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—  
RICHARD ELSWICK (1948-2001)

June 23, 2009

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

RECEIVED

JUN 24 2009

PUBLIC SERVICE  
COMMISSION

RE: Rate Increase Request

2009-00207

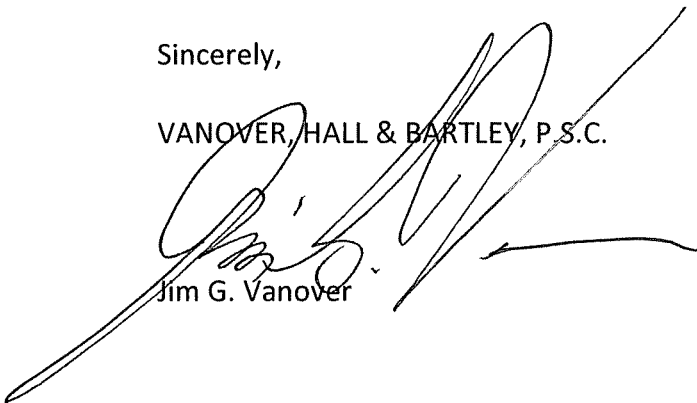
Dear Mr. Derouen:

On behalf of Bear Fork Gas Company, LLC, please accept the enclosed documents in support of said entities' request for a rate increase.

Any questions or concerns regarding this matter may be directed to me or to Sandra Newsom, President of Bear Fork Gas Company, LLC.

Sincerely,

VANOVER, HALL & BARTLEY, P.S.C.



Jim G. Vanover

JGV/cj

Enclosures

# BEAR FORK GAS COMPANY, LLC

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

June 23, 2009

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

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JUN 24 2009

PUBLIC SERVICE  
COMMISSION

Re: Rate Increase Request

Dear Mr. Derouen:

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 \$12.87 per Mcf. We have listed the different components of the rate below for 2007, 2008, and 2009 (projected amounts based on the first six months of 2009). Please note that there is no profit built into this rate.

**Gas Price Calculation:**

	2009 Amount	2008 Amount	2007	
12 mo. NYMEX Strip as of 4/1/09 (12/31/08) (12/31/07)	6.93	8.94	6.92	Dth
Appalachian Differential	0.30	0.30	0.30	Dth
	<u>7.23</u>	<u>9.24</u>	<u>7.22</u>	Dth
BTU conversion based on Chesapeake billing statement	1.2340	1.2340	1.2340	
	<u>8.92</u>	<u>11.40</u>	<u>8.91</u>	MCF
Schedule 1 Well Operator Costs	\$1.82	\$1.82	\$1.93	
Schedule 2 - Administrative Personnel Cost	\$0.69	\$0.69	\$0.47	
Schedule 3 - Meter Replacement, Supplies, etc.	\$0.25	\$0.22	\$0.35	
Schedule 4 - Mileage for Operator	\$0.61	\$0.61	\$0.58	
Schedule 5 - Postage & Office Supplies	\$0.20	\$0.20	\$0.21	
Cost per MCF	<u>\$12.49</u>	<u>\$14.95</u>	<u>\$12.45</u>	
School Tax @3%	0.37	0.45	0.37	
Total Cost per MCF	<u>12.87</u>	<u>15.40</u>	<u>12.82</u>	

Assumption for usage:

83 customers				
total mcf's for 2008 and 2007 years	7520	7520	7078	
average mcf's per customer	91	91	85	Mcf/year
average mcf's per customer per month	7.55	7.55	7.11	

Based on 807 KAR 5:026: Section 9(1)(b), 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:

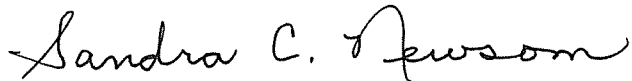
Minimum Bill (1 Mcf):	\$10.00
All additional Mcf:	\$6.50

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 May 29, 2009.

If you have any further questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Sandra C. Newsom".

Sandra Newsom, President

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

	2009	2008	2007
Base Pay	\$16.42	\$16.42	\$16.42
Social Security/Medicare	1.26	1.26	1.26
FUTA/SUTA	<u>0.62</u>	<u>0.62</u>	<u>0.62</u>
	<u>\$18.30</u>	\$18.30	\$18.30
Assume per Customer:			
Meter reading - 15 minutes/customer/month x 12	3	3	3 hrs/year/customer
Call outs, maintenance, etc.	<u>6</u>	<u>6</u>	<u>6 hrs/year/customer</u>
Total Hours per customer	9	9	9 hrs/year/customer
Total Hours for year @ 83 customers	747	747	747
Labor Cost per MCF Calculation:			
747 hrs x \$18.30 per hour	\$13,670.10	\$13,670.10	\$13,670.10
total hrs / 7520 mcfs for 2008; 7078 mcfs for 2007	<u>1.82</u>	<u>1.82</u>	<u>1.93 per Mcf</u>

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

	2009	2008	2007
Base Pay	\$23.07	\$23.07	\$11.56
Social Security/Medicare	1.76	1.76	0.88
FUTA/SUTA	0.88	0.88	0.44
	<u>\$25.71</u>	<u>\$25.71</u>	<u>\$12.88</u>
 Assume:			
Collections and Customer Questions	4	4	4 hrs/month
Processing Cash Receipts & Depositing in Bank	8	8	8 hrs/month
	<u>12</u>	<u>12</u>	<u>12 hrs/month</u>
 Accounting Office - processing billing	\$125.00	\$125.00	\$125.00 month
 Administrative Personnel Cost per MCF Calculation:			
12 hrs x \$25.71	\$308.52	\$308.52	\$154.60
Accounting Office	125.00	125.00	125.00
Total per month	<u>\$433.52</u>	<u>\$433.52</u>	<u>\$279.60</u>
 12 months / 7520 mcf usage for 2008 (7078mcfs 2007)	<u>\$0.69</u>	<u>\$0.69</u>	<u>\$0.47</u> per mcf

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

	2009	2008	2007
New Meter and/or regulators every 8 years	\$500.00	\$500.00	\$500.00 per year
Pipeline repairs	1000.00	773.00	1723.00
Paint, supplies, etc.	350.00	408.00	234.00 per year
Total per year	<u>\$1,850.00</u>	<u>\$1,681.00</u>	<u>\$2,457.00</u>
Cost per year / 7520 mcf usage (7078 mcf for 2007)	<u>\$0.25</u>	<u>\$0.22</u>	<u>\$0.35</u> per mcf

**BEAR FORK GAS CO., LLC**  
**Schedule 4 - Mileage for Operator**

	2009	2008	2007
Estimate 200 miles per month to read meters	2400	2400	2400 miles per year
Call outs 10 per month @ 50 miles	6000	6000	6000 miles per year
	<u>8400</u>	<u>8400</u>	<u>8400</u>
IRS rate per mile (.55) (2008 - \$.545) (2007 - \$.485)	4620	4578	4074
Cost per year / 7520 mcf usage (7078 mcf for 2007)	<u>\$0.61</u>	<u>\$0.61</u>	<u>\$0.58</u>

**BEAR FORK GAS CO., LLC**  
**Schedule 5 - Postage & Office Supplies**

Assume \$.44 (\$.42) per customer per month postage	\$438.24	\$418.32	\$408.36
office supplies for envelopes, etc	1075.00	1104.00	1063.00
Total postage & supplies	<u>\$1,513.24</u>	<u>\$1,522.32</u>	<u>\$1,471.36</u> per year
Total Postage & Supplies / 7520 mcf usage (7078 mcf for 2007)	<u>\$0.20</u>	<u>\$0.20</u>	<u>\$0.21</u>

FOR All Service Areas  
Area Served

P.S.C. KY. NO. 1

FIRST SHEET NO. 1

BEAR FORK GAS COMPANY LLC  
(Name of Issuing Corporation)

CANCELLING P.S.C. KY. NO. 1

FIRST SHEET NO. 1

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RULES AND REGULATIONS

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O – First MCF per month at \$10.00 per MCF \$10.00 minimum bill  
All volumes over 1 MCF per month \$6.50 per MCF

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DATE OF ISSUE 06/23/09  
Month / Date / Year

DATE EFFECTIVE 09/01/09  
Month / Date / Year

ISSUED BY Sandra C. Newsom  
(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2009-0020 DATED \_\_\_\_\_

# BEAR FORK GAS COMPANY

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

May 28, 2009

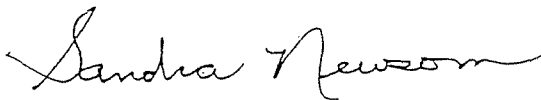
Dear Customers,

Due to an increase in operating expenses, Bear Fork Gas Co., LLC, regretfully, has been forced to increase gas rates. This action is necessary in order to maintain the quality of service that you have been accustomed to receiving in the past.

Bear Fork Gas Co., LLC has always had rates cheaper than most similar gas companies in the nation. We will continue to strive to keep our rates as low as possible in regard to our operating expenses and look forward to serving you in the future.

I appreciate your understanding and your business.

Sincerely,

A handwritten signature in cursive script that reads "Sandra Newsom".

Sandra C. Newsom, Manager  
Bear Fork Gas Co., LLC



# BEAR FORK NATURAL GAS COMPANY

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

May 29, 2009

## NOTICE OF PROPOSED RATE CHANGE

Farm Tap Customers of Bear Fork Natural Gas Company

Bear Fork Natural Gas Company has filed a request with the Public Service Commission to increase its rates. The rates contained in this notice are the rates proposed by Bear Fork Natural Gas Company. The Public Service Commission may order rates to be changed that differ from the rates in this notice.

Any corporation, association, body politic, or person may file written comments or a written request for intervention within thirty (30) days of the date of this notice with the Public Service Commission, P. O. Box 615, Frankfort, KY 40602.

Copies of the request for an increase in rates may be obtained by contacting the gas company at P. O., Box 2227, Pikeville, KY 41502. A copy of the request in rates is available for public inspection at this address.

Present Rate	Proposed Rate	Estimated Monthly Increase
\$6.00/4.25 per Mcf	\$10.00/6.50 per Mcf	Per Customer \$20.99