



August 30, 2010

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

Re: Kentucky Frontier Gas, LLC
dba Belfry Gas Company, Inc.

RECEIVED

AUG 31 2010

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, dba Belfry Gas Company, Inc. (BGC), we are filing for a Gas Cost Recovery for the period commencing October 1, 2010.

Enclosed is a Rates and Charges form and related calculations on which we base our request for rate changes. The cost of gas from BGC's supplier is the Inside FERC Columbia Appalachia First of Month rate times 80%. They also apply a gathering charge of \$0.7251/Dth plus 11% fuel.

If you have any questions, please call me at 303-422-3400.

Sincerely,

KENTUCKY FRONTIER GAS, LLC
dba BELFRY GAS COMPANY, INC.

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosure

Company Name

Belfry Gas Company, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: August 30, 2010

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Date Rates to be Effective: October 1, 2010

Reporting Period is Calendar Quarter Ended: June 30, 2010

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	6.5292
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(0.1689)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)		\$	6.3603

GCR to be effective for service rendered from July 1, 2010 to September 30, 2010

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	255,238
/	Sales for the 12 months ended March 31, 2010 <i>June 30, 2010</i>	Mcf		39,092
=	Expected Gas Cost (EGC)	\$/Mcf	\$	6.5292
<u>B</u>	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)		\$	-
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$	-
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$	-
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$	-
=	Refund Adjustment (RA)	\$/Mcf	\$	-
<u>C</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$	(0.0134)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.3575
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	0.1944
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.7074)
=	Actual Adjustment (AA)	\$/Mcf	\$	(0.1689)
<u>D</u>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Balance Adjustment for the Reporting Period (Sch. V)	\$/Mcf	\$	-
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	\$	-
=	Balance Adjustment (BA)	\$/Mcf	\$	-

Belfry Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual *MCF Purchases for 12 months ended June 30, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			41,047	\$ 6.2182	\$ 255,238.46
					\$ -
Totals			41,047		\$ 255,238.46
Line loss 12 months ended and sales of	<u>June, 2010</u> <u>39,092</u>	based on purchases of Mcf.		<u>41,047</u> 4.76%	

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 255,238
/ Mcf Purchases (4)	Mcf	41,047
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 6.2182
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	41,047
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 255,238

* Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein:
MCF purchases for 12 months ended June 30, 2010 have been adjusted to
reflect credits from supplier due to over charging Belfry Gas Co.

Belfry Gas Company, Inc.

Schedule IV
Actual Adjustment

June 30
For the 3 month period ending ~~March 31~~, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>
Total Supply Volumes Purchased	Mcf	1,674	1,048	731
Total Cost of Volumes Purchased	\$	\$ 10,267	\$ 5,660	\$ 3,866
(divide by) Total Sales (not less than 95% of supply)	Mcf	1,594	998	696
(equals) Unit Cost of Gas	\$/Mcf	\$ 6.4410	\$ 5.6713	\$ 5.5546
(minus) EGC in effect for month	\$/Mcf	\$ 6.1789	\$ 6.1789	\$ 6.1789
(equals) Difference	\$/Mcf	\$ 0.2621	\$ (0.5076)	\$ (0.6243)
(times) Actual sales during month	Mcf	1,594	998	696
(equals) Monthly cost difference	\$	\$ 417.83	\$ (506.54)	\$ (434.51)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (523.22)
(divide by) Sales for 12 Months ended March 31, 2010	Mcf	39,092
(equals) Actual Adjustment for the Reporting Period		\$ (0.0134)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.0134)