

BELFRY GAS COMPANY, INC.

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

November 24, 2008

Public Service Commission
Attn: Stephanie Stumbo
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

2008-493
RECEIVED
DEC - 1 2008
PUBLIC SERVICE
COMMISSION

Dear Ms. Stumbo:

Please find enclosed Belfry Gas Company's PGA for January 1, 2009, thru April 1, 2009.

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

Date Filed:

NOVEMBER 26, 2008

Date Rates to be Effective:

JANUARY 1, 2009

Reporting Period is Calendar Quarter Ended:

MARCH 31, 2009

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 8.2148
+ Refund Adjustment (RA)	\$/Mcf	(.0008)
+ Actual Adjustment (AA)	\$/Mcf	(.0808)
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 8.1332

GCR to be effective for service rendered from JANUARY 1, 2008 to MARCH 31, 2008

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	316.550
	+ Sales for the 12 months ended <u>SEPT. 30, 2008</u>	Mcf	<u>38,534</u>
	= Expected Gas Cost (EGC)	\$/Mcf	8.2148
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	(.0008)
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
	= Refund Adjustment (RA)	\$/Mcf	<u>(.0008)</u>
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0015)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0084)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0549)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<u>(.0160)</u>
	= Actual Adjustment (AA)	\$/Mcf	(.0808)
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	<u>0</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended SEPTEMBER 30, 2008

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) <u>Btu Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Kinhag Development Co., LLC	32,138	1.20	38,566	8.2080	\$ 316,550

Totals	32,138		38,566		\$ 316,550
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Line loss for 12 months ended SEPTEMBER 30, 2008 is .0829 % based on purchases of 38,566 Mcf and sales of 38,534 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	316,550
+ Mcf Purchases (4)	Mcf	38,566
= Average Expected Cost Per Mcf Purchased	\$/Mcf	8.2080
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	38,566
• Total Expected Gas Cost (to Schedule IA.)	\$	316,550

*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, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	0
+ Interest	\$	0
= Refund Adjustment including interest	\$	0
+ Sales for 12 months ended <u>SEPTEMBER 30, 2008</u>	Mcf	0
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	0

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2008

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(JULY)</u>	<u>Month 2</u> <u>(AUG)</u>	<u>Month 3</u> <u>(SEPT)</u>
Total Supply Volumes Purchased	Mcf	754	697	722
Total Cost of Volumes Purchased	\$	10,767	9,953	10,310
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	754	697	722
= Unit Cost of Gas	\$/Mcf	14.2798	14.2798	14.2798
- EGC in effect for month	\$/Mcf	14.3058	14.3058	14.3058
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.0260)	(.0260)	(.0260)
x Actual sales during month	Mcf	754	697	722
= Monthly cost difference	\$	(19,6040)	(18,1220)	(18,7720)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(56,4980)
+ Sales for 12 months ended <u>SEPTEMBER 30, 2008</u>	Mcf	38,534
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0015)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2008

<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

November 14, 2008

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, 2009. Your company will be charged a cost of \$8.2080 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 14, 2008. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

NYMEX

14 November - Settle

Month	Price	Change	Highest	Lowest
Dec.	6.312	-.006	14.764	1.661
Jan.	6.468	-.009	15.378	1.639
Feb.	6.546	-.014	15.427	1.046
Mar.	6.546	+.001	15.287	1.249
Apr.	6.541	+.006	11.996	1.418
May.	6.611	+.011	11.801	1.596
June	6.734	+.014	11.869	1.685
July	6.869	+.016	13.210	1.517
Aug.	6.961	+.018	13.577	1.385
Sept.	7.001	+.023	13.646	1.484
Oct.	7.086	+.026	13.907	1.406
Nov.	7.447	+.038	14.338	1.772

Ave. = 6.7602

6.7602 + .28 = 7.0402

ALL TIME HIGH 13.3340

DECEMBER CRUDE 57.04 -1.20 ALL TIME HIGH 145.29

3:30 PM DOW 8774.72 -60.53 ALL TIME HIGH 14,164.53

3:30 PM NASDAC 1560.32 -36.38

21 Nov. through 27 Nov. - The Northeast will be cooler than normal. The Southwest will be normal

INSIDE FERC INDICES FOR NOVEMBER

COLUMBIA APPALACHIA = \$6.74

COLUMBIA GULF ONSHORE LA. = \$6.42

BASIS = \$.32

TENN. LA 800 LEG = \$6.39

DOMINION TRANS. (APPAL) = \$6.83