



May 27, 2010

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

RECEIVED

JUN 01 2010

PUBLIC SERVICE
COMMISSION

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

Dear Mr. Derouen:

2010-217

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 July 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. Copies of invoices from Quality Natural Gas LLC for January, February and March 2010 are enclosed.

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

Sincerely,

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

A handwritten signature in cursive script that reads "Dennis R. Horner".

Dennis R. Horner
Kentucky Frontier Gas, LLC

Enclosure

FOR

Belfry Kentucky
Community, Town or City

P.S.C. KY. NO. 102nd

Original SHEET NO. 1

Belfry Gas Company, Inc.
(Name of Utility)

CANCELING P.S. KY.NO.

SHEET NO. _____

RATES AND CHARGES

APPLICABLE: Entire area served

AVAILABILITY OF SERVICE: Domestic and commercial use in applicable areas.

A. MONTHLY RATES:

	<u>Base Rate</u>	<u>GCRR</u>	<u>Total</u>
FIRST (1) MCF (MINIMUM BILL)	\$ 4.2667	5.76931	10.03601
OVER 1 MCF	\$ 2.7182	5.76931	8.48751

B. DEPOSITS \$100.00

DATE OF ISSUE May 27, 2010

Month/Date/Year

DATE EFFECTIVE July 1, 2010

ISSUED BY 

(Signature of Officer)

TITLE Member

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMINSSION

IN CASE NO. _____ DATED _____

Company Name

Belfry Gas Company, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: May 27, 2010

Date Rates to be Effective: July 1, 2010

Reporting Period is Calendar Quarter Ended: March 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 6.1429
+ Refund Adjustment (RA)	\$/Mcf	\$ -
+ Actual Adjustment (AA)	\$/Mcf	\$ (0.3736)
+ Balance Adjustment (BA)	\$/Mcf	\$ -
= Gas Cost Recovery Rate (GCR)		\$ 5.7693

GCR to be effective for service rendered from April 1, 2010 to June 31, 2010

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 278,969.67
/	Sales for the 12 months ended <u>March 31, 2010</u>	Mcf	45,413
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 6.1429
<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	\$ 0.5304
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ 0.1944
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.7074)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.3910)
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.3736)
<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 March 31, 2010

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			64,337	\$ 5.8358	\$ 375,457.86
					\$ -
Totals			64,337		\$ 375,457.86

Line loss 12 months ended March 31, 2010 is 29.4%*** based on purchases of 64,337 Mcf and sales of 45,413 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 375,458
/ Mcf Purchases (4)	Mcf	64,337
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 5.8358
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	47,803
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 278,970

* Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein

** Supplier's tariff sheets or notices are attached

*** Purchased volumes for last 2 months of 2009 are excessive and inconsistent with historical averages. KFG is investigating the potential billing errors with the supplier.

Belfry Gas Company, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending March 31, 2010

Particulars	Unit	Month 1	Month 2	Month 3	Amount
		Jan-10	Feb-10	Mar-10	
Total Supply Volumes Purchased	Mcf	10,685	9,241	8,042	
Total Cost of Volumes Purchased	\$	\$ 78,954	\$ 62,598	\$ 49,318	
(divide by) Total Sales					
(not less than 95% of supply)	Mcf	10,151	8,779	7,640	
(equals) Unit Cost of Gas	\$/Mcf	\$ 7.7781	\$ 7.1305	\$ 6.4553	
(minus) EGC in effect for month	\$/Mcf	\$ 6.1789	\$ 6.1789	\$ 6.1789	
(equals) Difference	\$/Mcf	\$ 1.5992	\$ 0.9516	\$ 0.2764	
(times) Actual sales during month	Mcf	10,079	7,042	4,578	
(equals) Monthly cost difference	\$	\$ 16,118.79	\$ 6,700.92	\$ 1,265.45	
Total cost difference					Unit
(divide by) Sales for 12 Months ended March 31, 2010					\$ 24,085.16
(equals) Actual Adjustment for the Reporting Period					Mcf 45,413
(plus) Over-recovery component from collections through expired AAs					\$ 0.5304
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)					\$ -
					\$ 0.5304

Quality Natural Gas, LLC

PO Box 480
Allen, KY 41601

606-874-8041 x27
606-874-2203 fax
Attn: Patrick McNamee (mcrnamee@kinzdrilling.com)

Invoice for Natural Gas Sold

Buyer: **Kentucky Frontier Gas, LLC**

PO Box 408
Prestonsburg, KY 41653
606-886-6807
606-889-9196 FAX

Office
Larry Rich
Heather Powers
Margaret Boston

igsinc@att.net
lrich@kyfrontiergas.com
hpowers@kyfrontiergas.com
mrboston@kyfrontiergas.com

Invoice Date **3/23/2010**
Invoice Number **2010323KFG**
Prod End Date **1/31/2010**

Due Date **4/7/2010**

System	Meter	Period	Mcf	\$/Mcf	Dth	Gross	KWV	GATH	KWV FUEL	TOTAL
BELFRY - PRICE	KWV 73	1/31/2010	101.00	6.565	137.00	\$ 663.08	\$	99.34	\$ 81.94	\$ 844.36
BELFRY - KINZER	FSM	1/31/2010	10,508.00	7.380	12,610.00	\$ 77,549.04	\$	-	\$ -	\$ 77,549.04
BELFRY - KINZER	K3-60	1/31/2010	-	-	-	\$ -	\$	-	\$ -	\$ -
BELFRY - KINZER	K9-69	1/31/2010	-	-	-	\$ -	\$	-	\$ -	\$ -
BELFRY - KINZER	K23-74	1/31/2010	-	-	-	\$ -	\$	-	\$ -	\$ -
BELFRY - KINZER	K578-68	1/31/2010	76.00	7.380	91.00	\$ 560.88	\$	-	\$ -	\$ 560.88
KINZER FARM TAP	Actual (free gas excluded)	1/31/2010	1,084.00	4.357	1,301.00	\$ 4,722.68	\$	-	\$ -	\$ 4,722.68

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Larry Rich
Heather Powers
Margaret Boslow

lgsinc@alt.net
lrich@kvfrontiergas.com
hpowers@kvfrontiergas.com
mboslow@kvfrontiergas.com

Invoice Date **5/5/2010**
Invoice Number **201055KFG**
Prod End Date **2/28/2010**
Due Date **5/20/2010**

System	Meter	Period	Mcf	\$/Mcf	Dth	Gross	^{NOT} KVV GATH	KVV FUEL	TOTAL
BELFRY - PRICE	KWV 73	2/28/2010	140.00	5.967	189.00	\$ 835.38	\$ 137.04	\$ 103.25	\$ 1,075.67
BELFRY - KINZER	FSM	2/28/2010	9,101.00	6.760	10,921.00	\$ 61,522.76	\$ -	\$ -	\$ 61,522.76
BELFRY - KINZER	K3-60	2/28/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
BELFRY - KINZER	K9-69	2/28/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
BELFRY - KINZER	K23-74	2/28/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
BELFRY - KINZER	K578-68	2/28/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
KINZER FARM TAP	Actual (free gas excluded)	2/28/2010	1,472.00	4.653	1,766.00	\$ 6,849.19	\$ -	\$ -	\$ 6,849.19

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lrich@kyfrontiergas.com
hpowers@kyfrontiergas.com
mbostow@kyfrontiergas.com

Invoice Date 5/21/2010
Invoice Number 2010521KFG
Prod End Date 3/31/2010

Due Date 6/5/2010

System	Meter	Period	Mcf	\$/Mcf	Dth	Gross	KWV GATH	KWV FUIFI	TOTAL
BELFRY - PRICE	KWV 73	3/31/2010	114.00	5.368	153.00	\$ 612.00	\$ 110.94	\$ 75.64	\$ 798.58
BELFRY - KINZNER	FSM	3/31/2010	7,901.00	6.120	9,481.00	\$ 48,354.12	\$ -	\$ -	\$ 48,354.12
BELFRY - KINZNER	K3-60	3/31/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
BELFRY - KINZNER	K9-69	3/31/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
BELFRY - KINZNER	K23-74	3/31/2010	-	-	-	\$ -	\$ -	\$ -	\$ -
BELFRY - KINZNER	K578-68	3/31/2010	27.00	6.120	32.00	\$ 165.24	\$ -	\$ -	\$ 165.24