



August 29, 2012

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

RECEIVED

AUG 31 2012

PUBLIC SERVICE
COMMISSION

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

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, 2012.

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, Quality Natural Gas, LLC has been estimated for the calendar quarter beginning October 1, 2011.

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

Enclosures

Company Name

Belfry Gas Company, Inc.

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date filed: August 29, 2012

Date Rates to be Effective: October 1, 2012

Reporting Period is Calendar Quarter Ended: June 30, 2012

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>		<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$	3.7276
+ Refund Adjustment (RA)	\$/Mcf	\$	-
+ Actual Adjustment (AA)	\$/Mcf	\$	(1.1080)
+ Balance Adjustment (BA)	\$/Mcf	\$	-
= Gas Cost Recovery Rate (GCR)			2.6195

GCR to be effective for service rendered from 10/1/12 to 12/31/12

<u>A</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>		<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$	120,513
/	Sales for the 12 months ended June 30, 2012	Mcf		32,330
=	Expected Gas Cost (EGC)	\$/Mcf	\$	3.7276
<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	\$	(0.1174)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.4818)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.5037)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$	(0.0051)
=	Actual Adjustment (AA)	\$/Mcf	\$	(1.1080)
<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

MCF Purchases for 12 months ended: June 30, 2012

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)* Rate	(6) (4) x (5) Cost
Quality Natural Gas, LLC			58,881	\$ 3.5412	\$ 208,509.40
					\$ -
Totals			58,881		\$ 208,509.40

Line loss 12 months ended: June 30, 2012 based on purchases of 58,881 Mcf
and sales of 32,330 Mcf. 45% ***

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	\$ 208,509
/ Mcf Purchases (4)	Mcf	58,881
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$ 3.5412
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	34,032
= Total Expected Gas Cost (to Schedule 1A)	\$	\$ 120,513

* EGC rate is calculated as follows: NYMEX futures for Oct (\$2.663); Nov (\$2.814); Dec (\$3.077) = \$2.851/Dth (avg.)
+ \$0.00 (basis)** + \$0.10 (Quality Fee) = \$2.951/Dth x 1.2 Dth/Mcf = 3.5412 \$/Mcf

** TCo Appalachian Index Basis

*** Conducting leak survey: finding and repairing numerous leaking valves

Belfry Gas Company, Inc.

Schedule IV
Actual Adjustment

For the 3 month period ending: June 30, 2012

<u>Particulars</u>	<u>Unit</u>	<u>April 1, 2012</u>	<u>May 1, 2012</u>	<u>June 1, 2012</u>
Total Supply Volumes Purchased	Mcf	5,723	4,862	4,723
Total Cost of Volumes Purchased	\$	\$ 15,799	\$ 12,721	\$ 14,561
(divide by) Total Sales (not less than 95% of supply)	Mcf	5,437	4,619	4,487
(equals) Unit Cost of Gas	\$/Mcf	\$ 2.9059	\$ 2.7541	\$ 3.2453
(minus) EGC in effect for month	\$/Mcf	\$ 3.7566	\$ 3.7566	\$ 3.7566
(equals) Difference	\$/Mcf	\$ (0.8507)	\$ (1.0025)	\$ (0.5113)
(times) Actual sales during month	Mcf	1,951	961	2,296
(equals) Monthly cost difference	\$	\$ (1,659.70)	\$ (963.38)	\$ (1,174.03)

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$ (3,797.11)
(divide by) Sales for 12 Months ended: June 30, 2012	Mcf	32,330
(equals) Actual Adjustment for the Reporting Period		\$ (0.1174)
(plus) Over-recovery component from collections through expired AAs		\$ -
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$ (0.1174)