



September 27, 2012

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

RECEIVED

SEP 28 2012

PUBLIC SERVICE  
COMMISSION

Re: Gas Cost Recovery Rate  
Kentucky Frontier Gas, LLC  
dba Mike Little Gas Company, Inc.

Dear Mr. Derouen:

On behalf of Kentucky Frontier Gas, LLC, dba Mike Little Gas Company, Inc. (MLG), we are filing for a Gas Cost Recovery for the period commencing November 1, 2012.

Enclosed are calculations on which we base our request for rate changes. EGC is based on Columbia Gas IUS rate approved in 2012-00353. Quality rate is 80% of TCO App + transportation + fuel charges.

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

Sincerely,

KENTUCKY FRONTIER GAS, LLC  
dba MIKE LITTLE GAS COMPANY, INC.

Dennis R. Horner  
Kentucky Frontier Gas, LLC

Enclosure



Company Name

Mike Little Gas Company, Inc.

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date filed: September 27, 2012

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Date Rates to be Effective: November 1, 2012

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Reporting Period Ending: July 31, 2012

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**Mike Little Gas Company, Inc. - GAS COST RECOVERY RATE**

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

	<u>Component</u>	<u>Unit</u>	<u>Amount</u>
	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.8282
+	Refund Adjustment (RA)	\$/Mcf	\$ -
+	Actual Adjustment (AA)	\$/Mcf	\$ (0.5256)
+	Balance Adjustment (BA)	\$/Mcf	\$ -
=	Gas Cost Recovery Rate (GCR)		\$ 4.3026

GCR to be effective for service rendered from: 11/1/12 to 1/31/13

A	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	\$ 91,089.47
/	Sales for the 12 months ended <u>July 31, 2012</u>	Mcf	18,866
=	Expected Gas Cost (EGC)	\$/Mcf	\$ 4.8282

B	<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	\$ -

C	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Sch. IV)	\$/Mcf	\$ 0.0132
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1385)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.2646)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$ (0.1357)
=	Actual Adjustment (AA)	\$/Mcf	\$ (0.5256)

D	<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	\$ -

Mike Little Gas Company, Inc. - GAS COST RECOVERY RATE

SCHEDULE II

EXPECTED GAS COST

Actual MCF Purchases for 12 months ended: 7/31/2012

(1) Supplier	(2) Dth	(3) BTU Conversion	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Quality*			17,154	\$4.6417	\$79,623.72
Columbia Gas of KY**			3,540	\$4.3209	\$15,295.99
					\$0.00
					\$0.00
Totals			20,694		\$94,919.71

Line loss 12 months ended July 31, 2012 on purchases of 20,694  
and sales of 18,866 = 8.83%

Total Expected Cost of Purchases (6)	<u>Unit</u>	<u>Amount</u>
	\$	\$94,919.71
/ Mcf Purchases (4)	Mcf	20,694
= Average Expected Cost Per Mcf Purchased	\$/Mcf	\$4.5868
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)	Mcf	19,859
= Total Expected Gas Cost (to Schedule 1A)	\$	\$91,089.47

\* EGC calcu: NYMEX futures for Nov (\$3.215/Dth); Dec (\$3.488/Dth); Jan (\$3.638/Dth) = \$3.447/Dth (avg.)  
(+) \$0.05 (TCO basis) x .8 = \$2.7976 + 12.35% (fuel) + \$0.725 (trans.) = \$3.8681 x 1.2 Dth/Mcf =  
\$4.6417 /Mcf

\*\* Columbia Gas IUS rate approved August 28, 2012 Case No. 2012-00353

**Mike Little Gas Company, Inc.**

Schedule IV  
Actual Adjustment

For the 3 month period ending: July 31, 2012

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>
		<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>
Total Supply Volumes Purchased	Mcf	346	474	3,651
Total Cost of Volumes Purchased	\$	\$1,713	\$2,167	\$15,312
(divide by) Total Sales (not less than 95% of supply)	Mcf	391	450	3,468
(equals) Unit Cost of Gas	\$/Mcf	\$4.3811	\$4.8123	\$4.4147
(minus) EGC in effect for month	\$/Mcf	\$4.2604	\$4.2604	\$4.2604
(equals) Difference	\$/Mcf	\$0.1207	\$0.5519	\$0.1543
(times) Actual sales during month	Mcf	391	303	226
(equals) Monthly cost difference	\$	\$47.18	\$167.24	\$34.86

	<u>Unit</u>	<u>Amount</u>
Total cost difference	\$	\$249.28
(divide by) Sales for 12 Months ended: <u>July 31, 2012</u>	Mcf	18,866
(equals) Actual Adjustment for the Reporting Period		\$0.0132
(plus) Over-recovery component from collections through expired AAs		\$0.0000
(equals) Total Actual Adjustment for the Reporting Period (to Schedule I C)		\$0.0132

**NOTE: July volume is 10X greater than expected. EQT is investigating meter readings.**