

BELFRY GAS COMPANY, INC.

Post Office Box 155
Allen, Kentucky 41601
(606) 874-2846

RECEIVED
DEC 01 2004
PUBLIC SERVICE
COMMISSION

November 29, 2004

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

Case 2004-00486

Dear Mr. Dorman:

Please find enclosed Belfry Gas Company's PGA for January 1, 2005, thru April 1, 2005.

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

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

DECEMBER 1, 2004

Date Rates to be Effective:

JANUARY 1, 2005

Reporting Period is Calendar Quarter Ended:

SEPTEMBER 30, 2004

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	\$ 9.7329
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	.0608
+ Balance Adjustment (BA)	\$/Mcf	0
= Gas Cost Recovery Rate (GCR)	\$/Mcf	\$ 9.7937

GCR to be effective for service rendered from JANUARY 1, 2005 to MARCH 31, 2005

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	515,250
+ Sales for the 12 months ended <u>SEPTEMBER 30, 2004</u>	Mcf	52,939
= Expected Gas Cost (EGC)	\$/Mcf	9.7329

B. REFUND ADJUSTMENT CALCULATION

	<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	0
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0
= Refund Adjustment (RA)	\$/Mcf	0

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0029
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0412
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0107
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.0060
= Actual Adjustment (AA)	\$/Mcf	.0608

D. BALANCE ADJUSTMENT CALCULATION

	<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	0

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended SEPTEMBER 30, 2004

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

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (JULY)</u>	<u>Month 2 (AUG)</u>	<u>Month 3 (SEPT)</u>
Total Supply Volumes Purchased	Mcf	793	898	828
Total Cost of Volumes Purchased	\$	5986	6,778	6,250
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	793	898	793
= Unit Cost of Gas	\$/Mcf	7.5486	7.5499	7.8815
- EGC in effect for month	\$/Mcf	7.5919	7.5919	7.5919
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.0433)	(.044)	.2896
x Actual sales during month	Mcf	793	898	793
= Monthly cost difference	\$	(34)	(40)	230

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	156
+ Sales for 12 months ended <u>SEPTEMBER 30, 2004</u>	Mcf	52,939
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0029

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended SEPTEMBER 30, 2004

<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	0

KINHAG DEVELOPMENT COMPANY, LLC

P.O. Box 155
Allen, KY 41601

November 22, 2004

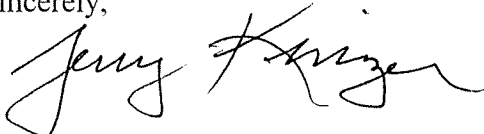
Belfry Gas Company, Inc.
P.O. Box 504
Allen, KY 41601

RE: Gas Purchase Contract

Gentlemen:

This is to notify you that there will be a gas price adjustment effective January 1, 2005. Your company will be charged a cost of \$9.5880 per MCF delivered. This amount is calculated based on the terms of the contract between Belfry Gas Company, Inc., and Kinhag Development Company, LLC, and the most current FERC Index as of November 16, 2004. Enclosed is a copy of the NYMEX summary, with the Index indicated at the bottom.

Sincerely,



KINHAG Development Company, LLC

Enclosure

NYMEX

16 November 04 - Settle

Month	Price	Change	Highest	Lowest
Dec.	7.130	-.306	9.363	1.661
Jan.	7.757	-.290	9.993	1.639
Feb.	7.797	-.295	9.865	1.046
Mar.	7.572	-.255	9.577	1.249
Apr.	6.742	-.130	7.685	1.418
May	6.622	-.120	7.295	1.596
June	6.647	-.120	7.315	1.685
July	6.677	-.115	7.340	1.517
Aug.	6.697	-.115	7.360	1.385
Sept.	6.676	-.106	7.320	1.484
Oct.	6.690	-.112	7.345	1.406
Nov.	6.977	-.090	8.402	1.772

Ave. = 6.9987

6.9987 + .24 = 7.2387

DECEMBER CRUDE 46.11 -76

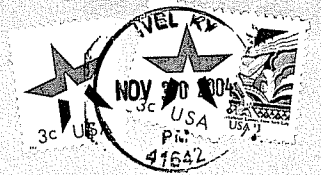
3:30 PM DOW 10,503.17 -47.07 ALL TIME HIGH 11,722.90

3:30 PM NASDAC 2081.60 -12.49

24 November through 30 November - The Northeast and the Southwest will be cooler than normal.

INSIDE FERC INDICES FOR NOVEMBER
 COLUMBIA APPALACHIA = \$7.89
 COLUMBIA GULF ONSHORE LA. = \$7.62
 BASIS = \$.27
 TENN. LA 800 LEG = \$7.52
 DOMINION TRANS. (APPAL) = \$8.04

BELFRY GAS COMPANY, INC.
P. O. BOX 155
ALLEN, KY 41601



RECEIVED
DEC 01 2004
PUBLIC SERVICE
COMMISSION

PUBLIC SERVICE COMMISSION
ATTN: MR. THOMAS M. DORMAN
211 SOWER BOULEVARD
P. O. BOX 615
FRANKFORT, KY 40602-0615