

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

Office (606) 889-9196
Fax (606) 889-9995

MAY 27, 2011

MR. JEFF DEROUEN, EXE DIR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40601

DEAR SIR:

PLEASE FIND ENCLOSED THE GAS COST RECOVERY TO BE EFFECTIVE
JULY 1, 2011.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT 606886-2314.

SINCERELY,


KIMBERLY CRISP
ACCOUNTANT

RECEIVED

MAY 31 2011

PUBLIC SERVICE
COMMISSION

Aurifer Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

May 27, 2011

Date Rates to be Effective:

July 1, 2011

Reporting Period is Calendar Quarter Ended:

April 30, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.7061
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.9358)
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>4.7703</u>

GCR to be effective for service rendered from July 1, 2011 to July 31, 2011.

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	587224
+ Sales for the 12 months ended <u>April 30, 2011</u>	Mcf	102211
<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>5.7061</u>

B. REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>= Refund Adjustment (RA)</u>	\$/Mcf	

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.019)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1962)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0670)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1334)
<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>(.4156)</u>

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>= Balance Adjustment (BA)</u>	\$/Mcf	

(.9358)

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended April 30, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Cumberland Valley Resources			94553	5.5079	520798
CEI-KAAS			4214	3.10	13063
Chesapeake			4562	6.54	29835
Nellis Exploration			9388	4.38	41119
Chesapeake Underbilled			5545	6.54	36264
Totals			<u>118262</u>		<u>641069</u>

Line loss for 12 months ended April 30, 2011 is 13.6% based on purchases of 118262 Mcf and sales of 102211 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	641069
+ Mcf Purchases (4)	Mcf	118262
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.42075
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	107591
= Total Expected Gas Cost (to Schedule IA.)	\$	583224

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended April 30, 2011

<u>Particulars</u>	<u>Unit</u>	Month 1 (<u>April</u>)	Month 2 (<u> </u>)	Month 3 (<u> </u>)
Total Supply Volumes Purchased	Mcf	8310		
Total Cost of Volumes Purchased	\$	47345		
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	7895		
= Unit Cost of Gas	\$/Mcf	5.9968		
- EGC in effect for month	\$/Mcf	6.2582		
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(0.2614)		
x Actual sales during month	Mcf	7269		
= Monthly cost difference	\$	(1900)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(1900)
+ Sales for 12 months ended <u>April 30, 2011</u>	Mcf	102211
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(0.019)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended _____

<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	_____

Base Rate Gas Cost
Rec Total

First MCE (minimum)

6.36

4.7703

11.1303

All over First MCE

5.0615

4.7703

9.8318

Cumberland Valley Resources, LLC

730 E Main St
Frankfort, KY 40601

INVOICE

DATE	INVOICE #
4/30/2011	2130

BILL TO
Kentucky Frontier Gas, LLC 2963 Route 321 N Prestonsburg, KY 41653

REMIT PAYMENT TO
Cumberland Valley Resources, LLC 3885 Foleys Trl Lexington, KY 40514

P.O. NUMBER	TERMS	REP

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
8,805	DTH-MKT	April 2011 gas sold to Auxier Road Gas Company Gas used in Manufacturing process	4.88115 0.00	42,978.54T 0.00
<p><i>Expected Price in July</i> $\frac{4.511}{+1.221} = 5.5079$</p> <p><i>Approved for Payment</i> Date: 05/23/11 District: _____ Account # _____ Amount _____</p> <p><i>8805 DTH = 1.221 = 7211</i></p> <p><i>MCS</i></p> <p><i>7211 pieces</i></p>				
Total				\$42,978.54

Phone #
(502) 227-4441