

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

Office (606) 886-2314
Fax (606) 889-9196

NOVEMBER 29, 2011

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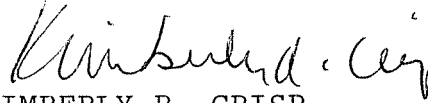
JEFF DEROUEN, EXE DIR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40602

DEAR SIR:

ENCLOSED IS THE GAS COST RECOVERY FOR JANUARY 1, 2012.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL AT THE ABOVE NUMBER.

SINCERELY,



KIMBERLY R. CRISP
ACCOUNTANT

Auxier Rd Gas Co

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

November 29, 2011

Date Rates to be Effective:

January 1, 2012

Reporting Period is Calendar Quarter Ended:

October 31, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.2916
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.9490)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	<u>4.3425</u>

R to be effective for service rendered from Jan 1, 2012 to Jan 31, 2012

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	570017
Sales for the 12 months ended <u>Oct 31, 2011</u>	Mcf	107721
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>5.2916</u>

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	<u> </u>

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>	
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0527)	(.1084)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0823)	(.0180)
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0129)	(.1962)
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	10049	(.0670)
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(.0650)</u>	<u>(.1334)</u>
	\$/Mcf		(.0543)
			<u>(.1626)</u>
			(.9491)

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	<u> </u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended Oct 31, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
CUMBERLAND VALLEY RES			100172	5.0139	502252
AEE-KAANS			4171	3.10	12930
CHESAPEAKE			4562	6.54	29835
NATIS EXPLORATION			9173	4.38	40178
CHESAPEAKE (UNDER BILLED)			5545	6.54	36264
Totals			<u>123623</u>		<u>621459</u>

Line loss for 12 months ended Oct 31, 2011 is .13 % based on purchases of 123623 Mcf and sales of 107721 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	621459
<u>Mcf Purchases (4)</u>	Mcf	<u>123623</u>
Average Expected Cost Per Mcf Purchased	\$/Mcf	50270
<u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>113391</u>
Total Expected Gas Cost (to Schedule IA.)	\$	570017

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 Oct 31, 2011

<u>Particulars</u>	<u>Unit</u>	Month 1 (Oct)	Month 2 ()	Month 3 ()
Total Supply Volumes Purchased	Mcf	7894		
Total Cost of Volumes Purchased	\$	36544		
<u>Total Sales</u> (may not be less than 95% of supply volumes)	Mcf	7499		
Unit Cost of Gas	\$/Mcf	4.8732		
<u>EGC in effect for month</u>	\$/Mcf	5.6828		
Difference [(Over-)/Under-Recovery]	\$/Mcf	(.8096)		
<u>Actual sales during month</u>	Mcf	7018		
Monthly cost difference	\$	(5682)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(5682)
<u>Sales for 12 months ended Oct 31, 2011</u>	Mcf	107721
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0527)

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	_____

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Cc: "Margaret Bostow" <mbostow@kyfrontiergas.com>
Subject: Auxier Rd. EGC for Jan-12
Date: Tue 11/22/11 02:40 PM

Attachments

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Kim,

Use \$5.0139/Mcf for Auxier Road's JAN-12 EGC.

Thanks,

Dennis

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	<u>Base Rate</u>	<u>Gas Cost Recovery</u>	<u>Total</u>
First MCE (minimum)	6.36	4.3425	10.7025
All over First MCE	5.0645	4.3425	9.407