

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Estill B. Branham  
President

(606) 886-2314

May 28, 2004

Mr. Thomas Dorman  
Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, KY 40602

Case 2004-00205

RECEIVED

JUN 01 2004

Executive  
Director's Office

Dear Mr. Dorman:

Enclosed is the Gas Cost Recovery for July 2004 thru September 2004.

If you have any questions, please call at the above number.

Sincerely,

*Kimberly Crisp*  
Kimberly Crisp

Auxier Road Gas Co

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

MAY 28, 2004

Date Rates to be Effective:

JULY 1, 2004

Reporting Period is Calendar Quarter Ended:

MARCH 31, 2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.7997
+ Refund Adjustment (RA)	\$/Mcf	(.8445)
+ Actual Adjustment (AA)	\$/Mcf	.3196
+ Balance Adjustment (BA)	\$/Mcf	6.2748
<u>= Gas Cost Recovery Rate (GCR)</u>		

GCR to be effective for service rendered from July to Sept

<b>A. <u>EXPECTED GAS COST CALCULATION</u></b>		<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)		\$	703860
+ Sales for the 12 months ended <u>March 31, 04</u>		Mcf	103514
<u>= Expected Gas Cost (EGC)</u>		\$/Mcf	6.7997
<b>B. <u>REFUND ADJUSTMENT CALCULATION</u></b>		<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	
<b>C. <u>ACTUAL ADJUSTMENT CALCULATION</u></b>		<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)		\$/Mcf	.3878
+ Previous Quarter Reported Actual Adjustment		\$/Mcf	(-.1893)
+ Second Previous Quarter Reported Actual Adjustment		\$/Mcf	(-.2852)
+ Third Previous Quarter Reported Actual Adjustment		\$/Mcf	(-.7578)
<u>= Actual Adjustment (AA)</u>		\$/Mcf	(-.8445)
<b>D. <u>BALANCE ADJUSTMENT CALCULATION</u></b>		<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)		\$/Mcf	.1064
+ Previous Quarter Reported Balance Adjustment		\$/Mcf	.1248
+ Second Previous Quarter Reported Balance Adjustment		\$/Mcf	.0064
+ Third Previous Quarter Reported Balance Adjustment		\$/Mcf	.082
<u>= Balance Adjustment (BA)</u>		\$/Mcf	.3196

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended MARCH 31, 04

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation Energy			15829	9.3644	148229
AET- Kaar Drilling			4591	3.10	14232
Equitable Resources			7512	9.73	73092
CS/Kwan			22090	2.94	64945
Columbia N/A			49706	8.1150	403364
Totals			<u>99728</u>		<u>703862</u>

Line loss for 12 months ended MARCH 31, 04 is 0% based on purchases of 99728 Mcf and sales of 103514 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	703862
+ Mcf Purchases (4)	Mcf	99728
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.0578
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	99728
= Total Expected Gas Cost (to Schedule IA.)	\$	703860

\*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 March 31, 04

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (JAN)</u>	<u>Month 2 (FEB)</u>	<u>Month 3 (MAR)</u>
Total Supply Volumes Purchased	Mcf	16361	14128	11082
Total Cost of Volumes Purchased	\$	144377	97889	82195
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	16558	15802	11192
= Unit Cost of Gas	\$/Mcf	8.7195	6.1947	7.3441
- EGC in effect for month	\$/Mcf	6.5283	6.5283	6.5283
= Difference [(Over-)/Under-Recovery]	\$/Mcf	2.1912	(0.3336)	.8158
x Actual sales during month	Mcf	16558	15802	11192
= Monthly cost difference	\$	36282	(5272)	9130

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	40140
+ Sales for 12 months ended <u>March 31, 04</u>	Mcf	103514
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.3878

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended March 31, 04

<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.	\$	(17814)
Less: Dollar amount resulting from the AA of <u>(.2785)</u> \$/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 <u>103514</u> Mcf during the 12-month period the AA was in effect.	\$	(28829)
Equals: Balance Adjustment for the AA.	\$	<u>11015</u>
(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.	\$	<u>          </u>
(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.	\$	<u>          </u>
 Total Balance Adjustment Amount (1) + (2) + (3)	\$	11015
+ Sales for 12 months ended <u>March 31, 04</u>	Mcf	<u>103514</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>11064</u>

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Estlin B. Branham  
President

(606) 886-2314

	<u>Base Rate</u>	<u>Gas Cost Recovery</u>	<u>total</u>
First MCE (Minimum Bill)	5.11	6.2748	11.3848
ALL Over First MCE	4.2599	6.2748	10.5347

# Constellation NewEnergy - Gas Division

8960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 428-4500 Fax: (502) 428-8800

Estill Braitham  
 606-896-2314  
 606/899-0466

## AUXIER ROAD GAS COMPANY Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 05/26/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(2003 Consumption was zero)</small>	(G) Total Cost Monthly (E*F)
Jul-04	\$6.7320	\$0.5600	0.9743	\$0.2300	\$7.7143	0	\$0.00
Aug-04	\$6.7590	\$0.5600	0.9743	\$0.2300	\$7.7421	0	\$0.00
Sep-04	\$6.7240	\$0.5600	0.9743	\$0.2300	\$7.7061	0	\$0.00
						0	\$0.00

WACOG = \$7.72  
~~X 1.213~~  
 9.3644 MCF



*Columbia Resources*

6.69x  
1.213=K  
8.11497\*

COLUMBIA NATURAL RESOURCES, LLC  
900 Pennsylvania Avenue  
P. O. Box 6070  
Charleston, West Virginia 25362-0070

CLIENT NO.: 089985-01  
CONTRACT NO.: SSE003  
INVOICE NUMBER: SSE0030403  
VOUCHER NUMBER: 00403579

NAME: Auxier Road Gas Company Inc.  
ADDRESS: P. O. Box 785

CITY: Prestonburg, KY 41653  
ATTN: Estill Branham

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Current Volumes	11,543	\$6.69	\$77,222.67	2/04

\*\* INVOICE AMOUNT DUE \*\* \$77,222.67  
\*\* NET AMOUNT DUE ON OR BEFORE MARCH 31, 2004\*\*

837016  
Make Check Payable To: Columbia Natural Resources, Inc.

Please Remit Check To: P. O. Box 1073  
Charleston, WV 25324  
Please Return One Copy Of This Invoice With Your Remittance

**AUXIER ROAD GAS COMPANY, INC.**

Post Office Box 785  
Prestonsburg, Kentucky 41653

Estill B. Branham  
President

RECEIVED  
JUN 01 2004  
PUBLIC SERVICE  
COMMISSION  
(606) 886-3344

May 25, 2004

Sigma Gas Corporation  
P. O. Box 22  
Salysersville, KY 41465

**APRIL 2004**

The following is for gas purchases from Auxier Road Gas Co., Inc.

<u>DATE</u>	<u>MCF USAGE</u>	<u>RATE PER MCF</u>	<u>AMOUNT</u>
4/04	3,447	\$5.8417	\$20,136.32

Pd  
5/20/04  
CH 007784

**AUXIER ROAD GAS COMPANY, INC.**

**Post Office Box 785  
Prestonsburg, Kentucky 41653**

**Estill B. Branham**  
President

**(606) 886-2314**

April 25, 2004

Sigma Gas Corporation  
P. O. Box 22  
Salyersville, KY 41465

**MARCH 2004**

The following is for gas purchases from Auxier Road Gas Co., Inc.

<u>DATE</u>	<u>MCF USAGE</u>	<u>RATE PER MCF</u>	<u>AMOUNT</u>
3/04	5,607	\$7.4156	\$41,579.28

PJ

4/22/04

CH 007724

**SIGMA GAS CORPORATION**  
P.O. BOX 22  
SALYERSVILLE KENTUCKY 41465

DATE: 4/22/04  
CHECK NO.: 007725  
AMOUNT: \$41,579.28

TO THE ORDER OF: *ES. KILL B. Br...*

PAY TO THE ORDER OF: *ES. KILL B. Br...*

TO THE ORDER OF: Alder Road Gas Co., Inc.

DATE: 22/100

AMOUNT: \$41,579.28

⑆007725⑆ ⑆062105947⑆ 4901880⑆

⑆0001157928⑆

Check #7725      Paid : 04/26/2004      \$41579.28

00899025416  
0427 00 22 22390028-9814-01  
MERCANTILE BANK OF INDY  
125 N. MARKET ST. INDIANAPOLIS, IN 46202

MR 23 CM

⑆012103253⑆

CITIZENS NATIONAL BANK  
PAINTSVILLE, KY 41240

⑆042103253⑆

⑆0001157928⑆

Check #7725      Paid : 04/26/2004      \$41579.28

**AUXIER ROAD GAS COMPANY, INC.**

**Post Office Box 785  
Prestonsburg, Kentucky 41653**

**Estill B. Branham  
President**

**(606) 886-2314**

March 31, 2004

Sigma Gas Corporation  
P. O. Box 22  
Salysersville, KY 41465

**FEBRUARY 2004**

The following is for gas purchases from Auxier Road Gas Co., Inc.

<u>DATE</u>	<u>MCF USAGE</u>	<u>RATE PER MCF</u>	<u>AMOUNT</u>
2/04	8,601	\$6.9287	\$59,593.99

Pd  
3 / 30 / 04  
CK# 007665

**SIGMA GAS CORPORATION**  
P.O. BOX 22  
SALYERSVILLE KENTUCKY 41465

SALYERSVILLE NATIONAL BANK  
SALYERSVILLE, KY 40465

73-584  
421

007665

DATE: 3/30/04 CHECK NO. 99/100- AMOUNT \$59,593.99

FIFTY NINE THOUSAND FIVE HUNDRED NINETY THREE AND 99/100-----

PAY TO THE ORDER OF: Auxier Road Gas Co., Inc.

*Estill R. Branham*

⑈007665⑈ ⑆042105947⑆ 4901880⑆ ⑆0005955399⑆

Check #7665 Paid :04/01/2004 \$59593.99

82-86-82081158-6314-61  
83-31-2884 88898988 >842183253<

0423733239  
0420-0043-7  
04012004  
ENT-0874 TRC-0873 PK-03

MR 31 01

CITIZENS NATIONAL BANK  
SALYERSVILLE, KY  
⑆042105253⑆

Check #7665 Paid :04/01/2004 \$59593.99

**AUXIER ROAD GAS COMPANY, INC.**

**Post Office Box 785  
Prestonsburg, Kentucky 41653**

**Estill B. Branham  
President**

**(606) 886-2314**

February 29, 2004

Sigma Gas Corporation  
P. O. Box 22  
Salyersville, KY 41465

**JANUARY 2004**

The following is for gas purchases from Auxier Road Gas Co., Inc.

<u>DATE</u>	<u>MCF USAGE</u>	<u>RATE PER MCF</u>	<u>AMOUNT</u>
1/04	10,329	\$8.8244	\$91,146.23

pd  
3/3/04  
CHK# 007615





Page : 23  
 Statement Date : 03/31/2004  
 Account Number : 4901880

PAY TO THE ORDER OF  
 CITIZENS NATIONAL BANK  
 1000 MAIN ST  
 CINCINNATI, OH 45202  
 AUXILIARY ACCOUNT NO. 4901880  
 FOR DEPOSIT ONLY  
 AUXILIARY ROAD GAS CO., INC.  
 000000

1111 59464

NYC BANK  
 CITI 33  
 0223022124  
 0420-0043-7  
 03052004  
 EMT=2174 TRC=2210 PK=03  
 83-84-2884 88998988 >842183253<  
 82-86-8328248-8814-81

\$91146.23

Paid: 03/05/2004

Check #7615

GAS CORPORATION  
 P.O. BOX 22  
 RSVILLE KENTUCKY 41465

DATE 3/3/04  
 CHECK NO. 007615  
 AMOUNT \$91,146.23

*ESTEL R. BARKER*

007615 0042105947C L901880P /0009114623/

Paid: 03/05/2004

\$91146.23

5