

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

AUGUST 30, 2007

RECEIVED

SEP - 4 2007

PUBLIC SERVICE
COMMISSION

MS. BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40602

Case No. 2007-00391

DEAR MS. O'DONNELL:

ENCLOSED IS THE GAS COST RECOVERY FOR OCT 1, 2007 THRU
DECEMBER 31, 2007.

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

SINCERELY,

Kimberly Crisp
KIMBERLY CRISP

AUXIER ROAD GAS COMPANY, INC.

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

AUGUST 30, 2007

Date Rates to be Effective:

OCTOBER 1, 2007

Reporting Period is Calendar Quarter Ended:

JUNE 30, 2007

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.5921
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(2.3761)
+ Balance Adjustment (BA)	\$/Mcf	(.0469)
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>8.1691</u>

GCR to be effective for service rendered from OCT to DEC

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	1,058,924
	+ Sales for the 12 months ended <u>JUNE 30, 2007</u>	Mcf	<u>99,973</u>
	<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>10.5921</u>
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<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.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0886
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(1.2526)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(1.1510)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0611)
	<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>(2.3761)</u>
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.0250)
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	.0360
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0421)
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0158)
	<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>(.0469)</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended JUNE 30, 2007

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
CONSTELLATION			74,285	11.7758	874,765
AEI-KAARS			5,219	3.10	16,179
CHESAPEAKE ENERGY			5,809	10.862	63,097
NYTIS EXPLORATION			10,194	4.38	44,650
CHESAPEAKE (UNDERBILLED)			5,545	10.862	60,230
Totals			101,052		1,058,921

Line loss for 12 months ended JUNE 30, 2007 is 0 % based on purchases of 101,052 Mcf and sales of 99,973 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	1,058,921
+ Mcf Purchases (4)	Mcf	101,052
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.4790
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	101,052
= Total Expected Gas Cost (to Schedule IA.)	\$	1,058,924

*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 JUNE 30, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (APR)</u>	<u>Month 2 (MAY)</u>	<u>Month 3 (JUNE)</u>
Total Supply Volumes Purchased	Mcf	8,187	5,108	3,574
Total Cost of Volumes Purchased	\$	84,048	60,141	39,289
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	8,970	4,853	3,728
<hr/>				
= Unit Cost of Gas	\$/Mcf	9.3699	12.3925	10.5389
- EGC in effect for month	\$/Mcf	9.9074	9.9074	9.9074
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.5375)	2.4851	.6315
		8,970	4,557	3,728
x Actual sales during month	Mcf			
= Monthly cost difference	\$	(4,821)	11,325	2,354

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	8,858
+ Sales for 12 months ended <u>JUNE 30, 2007</u>	Mcf	99,973
<hr/>		
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0886

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended JUNE 30, 2007

<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.	\$	(189,569)
Less: Dollar amount resulting from the AA of (1.8712) \$/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 99,973 Mcf during the 12-month period the AA was in effect.	\$	(187,069)
Equals: Balance Adjustment for the AA.	\$	<u>(2,500)</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)	\$	(2,500)
+ Sales for 12 months ended <u>JUNE 30, 2007</u>	Mcf	<u>99,973</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>(.0250)</u>

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

	<u>BASE RATE</u>	<u>GAS COST RECOVERY</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	5.11	8.1691	13.2791
ALL OVER FIRST MCF	4.2599	8.1691	12.429

Constellation NewEnergy - Gas Division

5960 Corporate Campus Dr. Suite 2500, Louisville, KY 40223
 Phone (502) 426-4500 Fax (502) 425-9800

Esili Branham
 606-886-2314
 609/889-9995

AUXIER ROAD GAS COMPANY
 Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 05/30/07	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)(C+D)	(F) Estimated Consumption Dth <small>(Used 2006 Consumption)</small>	(G) Total Cost Monthly (E*F)
Oct-07	\$8.5020	\$0.6500	0.98011	\$0.2127	\$9.5504	6.293	\$60,005.34
Nov-07	\$8.6340	\$0.6500	0.98011	\$0.2127	\$9.6851	10,038	\$97,219.10
Dec-07	\$8.5600	\$0.6500	0.98011	\$0.2127	\$9.6096	11,006	\$105,763.31
						27,327	\$282,987.74

BTU CONVERSION FACTOR 1.2241 X 9.62 = \$11.7758 MCF WACOG = \$3.62

STATEMENT OF NATURAL GAS BY METER

August 20, 2007

INVOICE NUMBER 0113

JUNE 2007

NYTIS EXPLORATION COMPANY, LLC
ATTN: RICHARD FINUCANE
1501 BROADWAY
CATLETTSBURG, KY 41168

0.0*

4,200.42*

4,200.42*

AUXIER ROAD GAS COMPANY
P.O. BOX 785
RESTONSBURG, KY 41653

pd

8/20/07

ck # 026122

MEASURING STATION NO. 104
ALMA COAL CORPORATION
RATE PER MCF \$4.38

READING DIFF PRESSURE MULT MCF AMOUNT

1,024

31

26.0

.7437

959

\$4,200.42

07/28/07

3,055

Bar

3

PK
8/10/07
chk#
026105

7,073.14
7,273.14

0.*

53,554.97
7,073.14
45,681.83

0.*

CHESAPEAKE APPALACHIA, LLC
900 Pennsylvania Avenue
P. O. Box 6070
Charleston, West Virginia 25362-0070

CLIENT NO.: 089985-01
CONTRACT NO.: SSE003
INVOICE NUMBER: SSE0030707
VOUCHER NUMBER: 00707579

has Company Inc.

KY 41653

DTH	BILLING RATE	AMOUNT	DATE
906	\$8.69	\$7,873.14	6/07
5107	<i>10.861631</i>	\$45,781.83	

**** INVOICE AMOUNT DUE **** \$53,654.97
**** NET AMOUNT DUE ON OR BEFORE AUGUST 10, 2007****

CHESAPEAKE APPALACHIA, LLC
PO BOX 96-0277
OKLAHOMA CITY, OK 73196-0277

This Invoice With Your Remittance