

AUXIER ROAD GAS COMPANY, INC.

Post Office Box 785
Prestonsburg, Kentucky 41653

Sallye Branham
President

Phone (606) 886-2314
Facsimile (606) 889-9995

August 5, 2008

Stephanie Stumbo, Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602-0615

RECEIVED
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PUBLIC SERVICE
COMMISSION

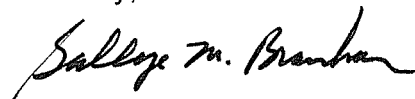
Re: Case No. 2007-00513

Dear Ms. Stumbo:

In compliance with the order on April 7, 2008 in Case No. 2007-00513 the financial statements of Auxier Road Gas Co., Inc. for the quarters ended March 31, 2008 and June 30, 2008 are enclosed.

If you need any further information please do not hesitate to contact me at the above listed numbers or address.

Sincerely,



Sallye M. Branham, President

Auxier Road Gas Co., Inc.
BALANCE SHEET
MARCH 31, 2008

ASSETS

Current assets		
Cash	135,593.23	
Customer Accounts Rec.	156,495.10	
N/R	7,000.00	
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Total current assets		\$ 299,088.33
Fixed assets		
Plant & Equipment	1,255,687.22	
Accum. Depreciation	(780,340.79)	
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Total fixed assets		475,346.43
Other assets		
LOAN TO STOCKHOLDER	1,245.50	
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Total other assets		1,245.50
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TOTAL ASSETS		\$ 775,680.26
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See Accountant's Compilation Report

Auxier Road Gas Co., Inc.
BALANCE SHEET
MARCH 31, 2008

LIABILITIES AND CAPITAL

Current liabilities		
Notes Payable	124,288.97	
Accounts Payable	249,791.62	
Customer Deposits	40,234.52	
Accrued Interest	169.89	
Accrued Taxes	4,889.27	
Accrued Employee Benefits	3,330.00	
Accrued Salaries	78,700.00	
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Total current liabilities		\$ 501,404.27
Long term liabilities		
Notes payable	170,648.65	
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Total long term liabilities		170,648.65
Other liabilities		
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Total other liabilities		\$ 672,052.92
Capital		
Common Stock	20,000.00	
Other Paid-In Capital	2,035.00	
Retained Earnings	98,216.03	
Current Earnings	(16,623.69)	
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Total capital		103,627.34
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TOTAL LIABILITIES AND CAPITAL		\$ 775,680.26
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Auxier Road Gas Co., Inc.
 INCOME STATEMENT
 FOR THE THREE MONTHS ENDED MARCH 31, 2008

	C U R R E N T P E R I O D		Y E A R T O D A T E	
	Amount	Percent	Amount	Percent
Revenue				
Gas Sales	152,454.87	99.4	519,143.54	99.5
Penalties	612.71	0.4	1,916.74	0.4
Service Charge	100.00	0.1	250.00	0.0
Sales Tax Commission	13.67	0.0	49.55	0.0
Other Income	234.00	0.2	234.00	0.0
	153,415.25	100.0	521,593.83	100.0
Expenses				
Gas Purchases	148,279.96	96.7	446,719.71	85.6
Mains & Services Labor	2,679.75	1.7	6,967.35	1.3
Services Supplies & Exp	447.30	0.3	1,225.66	0.2
Contract Labor	550.00	0.4	1,430.00	0.3
Meter Reading Labor	2,679.75	1.7	6,967.35	1.3
Accounting & Coll. Labor	5,500.00	3.6	14,900.00	2.9
Accounts Supplies & Exp	125.58	0.1	374.92	0.1
Admin & General Salaries	5,500.00	3.6	14,900.00	2.9
Office Supplies & Exp	1,718.16	1.1	4,676.65	0.9
Outside Services Employed	2,500.00	1.6	2,500.00	0.5
Insurance	(1,223.78)	(0.8)	(1,223.78)	(0.2)
Employee Benefits	5,002.97	3.3	7,542.91	1.4
Miscellaneous Gen Expense	395.00	0.3	1,246.95	0.2
Rents	1,000.00	0.7	3,000.00	0.6
Transportation Expenses	2,401.30	1.6	4,764.48	0.9
Interest Expense	1,465.01	1.0	5,274.57	1.0
Depreciation Expense	2,700.00	1.8	8,100.00	1.6
Payroll & Other Taxes	6,355.15	4.1	8,850.75	1.7
	188,076.15	122.6	538,217.52	103.2
Net income	\$ (34,660.90)	(22.6)	\$ (16,623.69)	(3.2)

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Auxier Road Gas Co., Inc.
BALANCE SHEET
JUNE 30, 2008

ASSETS

Current assets		
Cash	34,794.61	
Customer Accounts Rec.	70,311.31	
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Total current assets		\$ 105,105.92
Fixed assets		
Plant & Equipment	1,260,314.88	
Accum. Depreciation	(788,440.79)	
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Total fixed assets		471,874.09
Other assets		
LOAN TO STOCKHOLDER	1,245.50	
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Total other assets		1,245.50
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TOTAL ASSETS		\$ 578,225.51
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Auxier Road Gas Co., Inc.
BALANCE SHEET
JUNE 30, 2008

LIABILITIES AND CAPITAL

Current liabilities		
Notes Payable	120,288.97	
Accounts Payable	80,876.08	
Customer Deposits	39,989.52	
Accrued Interest	169.89	
Accrued Taxes	1,304.42	
Accrued Employee Benefits	3,330.00	
Accrued Salaries	66,900.00	
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Total current liabilities		\$ 312,858.88
Long term liabilities		
Notes payable	161,485.93	
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Total long term liabilities		161,485.93
Other liabilities		
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Total other Total liabilities		\$ 474,344.81
Capital		
Common Stock	20,000.00	
Other Paid-In Capital	2,035.00	
Retained Earnings	98,216.03	
Current Earnings	(16,370.33)	
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Total capital		103,880.70
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TOTAL LIABILITIES AND CAPITAL		\$ 578,225.51
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Auxier Road Gas Co., Inc.
 INCOME STATEMENT
 FOR THE SIX MONTHS ENDED JUNE 30, 2008

	C U R R E N T P E R I O D		Y E A R T O D A T E	
	Amount	Percent	Amount	Percent
Revenue				
Gas Sales	64,048.26	98.9	779,918.85	99.5
Penalties	398.44	0.6	3,255.50	0.4
Service Charge	50.00	0.1	375.00	0.0
Sales Tax Commission	1.86	0.0	60.92	0.0
Other Income	284.87	0.4	518.87	0.1
	64,783.43	100.0	784,129.14	100.0
Expenses				
Gas Purchases	(7,038.25)	(10.9)	618,145.69	78.8
Mains & Services Labor	2,679.75	4.1	13,980.65	1.8
Services Supplies & Exp	816.90	1.3	2,218.04	0.3
Contract Labor	550.00	0.8	2,945.00	0.4
Maintenance of Meters	100.00	0.2	100.00	0.0
Meter Reading Labor	2,679.75	4.1	13,980.65	1.8
Accounting & Coll. Labor	5,900.00	9.1	30,200.00	3.9
Accounts Supplies & Exp	127.71	0.2	1,430.85	0.2
Admin & General Salaries	5,900.00	9.1	30,200.00	3.9
Office Supplies & Exp	1,154.27	1.8	10,392.45	1.3
Outside Services Employed	4,128.00	6.4	6,628.00	0.8
Insurance	0.00	0.0	351.57	0.0
Employee Benefits	1,209.26	1.9	11,225.29	1.4
Miscellaneous Gen Expense	225.00	0.3	3,701.95	0.5
Rents	1,000.00	1.5	5,600.00	0.7
Transportation Expenses	1,217.43	1.9	9,329.33	1.2
Interest Expense	1,032.69	1.6	9,094.40	1.2
Depreciation Expense	2,700.00	4.2	16,200.00	2.1
Payroll & Other Taxes	3,579.72	5.5	14,775.60	1.9
	27,962.23	43.2	800,499.47	102.1
Net income	\$ 36,821.20	56.8	\$ (16,370.33)	(2.1)

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