

**AUXIER ROAD GAS CO., INC.**

P O BOX 785

PRESTONSBURG, KY 41653

Sallye M. Branham, President

Phone 606-886-2314  
Facsimile 606-889-9995  
Email [sbrum@aol.com](mailto:sbrum@aol.com)

April 28, 2008

2008-156

Stephanie Stumbo, Executive Director  
Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, KY 40602

RECEIVED

APR 29 2008

PUBLIC SERVICE  
COMMISSION

Re: Application for Rate Adjustment

Dear Mrs. Stumbo:

We are enclosing an original and ten (10) copies of our Application for Rate Adjustment. This Alternative Rate Filing is in pursuant to 807 KAR 5:076.

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

Sincerely,



Sallye M. Branham, President

2008-156

APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

For Small Utilities  
Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

APR 29 2008

PUBLIC SERVICE  
COMMISSION

**AUXIER ROAD GAS CO., INC.**

Name of Utility

P O BOX 785

**PRESTONSBURG, KY 41653**

Business Mailing Address

Telephone Number 606 / 886-2314  
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: KIMBERLY R. CRISP

Address: P O BOX 785

PRESTONSBURG, KY 41653

Telephone Number: 606-886-2314

- |    |   |            |           |
|----|---|------------|-----------|
| 1) | Do you have 500 customers or fewer?   | <u>Yes</u> | No        |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less? <b>MORE</b>  | Yes        | <u>No</u> |
| 3) | Has the Utility filed an annual report with this Commission for the past year and the two previous years? | <u>Yes</u> | No        |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise?                         | <u>Yes</u> | No        |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

## II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2007.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per Annual Report</u>	<u>Amount Per Annual Report</u>	<u>Increase (Decrease)</u>	<u>Adjusted Amount</u>
<u>Revenues:</u>	\$	\$	\$
Gas sales	1,212,432	120,246	1,332,678
 Total Revenues	 <u>\$ 1,212,432</u>	 <u>\$ 120,246</u>	 <u>1,332,678</u>
 <u>Expenses:</u>			
Gas purchases	827,563	82,756	910,319
Insurance	24,159	3,624	27,783
Mains & serv labor	24,804	520	25,324
Meter reading labor	24,804	520	25,324
Service supplies	6,665	999	7,664
Accounts supplies	2,944	294	3,238
Office supplies	39,061	5,859	44,920
Employee benefits	27,257	273	27,530
Rents	16,200	1,800	18,000
Transportation	19,456	2,918	22,374
Payroll & other tax	59,201	5,920	65,121
 Total Expenses	 <u>\$ 1,072,114</u>	 <u>\$ 105,483</u>	 <u>1,177,597</u>
 Revenues Less Expenses	 <u>140,318</u> <u>\$</u>	 <u>14,763</u> <u>\$</u>	 <u>155,081</u> <u>\$</u>

II. Increased Cost Information

1b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Response: The Revenue increase reflects the proposed base rate increase of \$1.25 per 96,197 MCFs which were sold in 2007. The other expenses listed have an estimated increase due to rising natural gas prices and the normal cost of living. Please see attached invoices.

Commonwealth of Kentucky  
**PROPERTY TAX STATEMENT**  
**PUBLIC SERVICE COMPANY**

Return Payment to: JOHN K. BLACKBURN  
FLOYD  
PO BOX 152  
PRESTONSBURG, KY 41653

Assessment for 2006 Taxes

Date 4/26/2007

Bill To: **AUXIER ROAD GAS COMPANY**  
**ESTILL B BRANHAM**  
**PO BOX 785**  
**PRESTONSBURG, KY 41653**

**Payment Instructions**  
This statement for public service company property taxes is due and payable 30 days after notice (KRS 134.020). If paid within 30 days, a 2% discount will be applied to the bill. If paid after 30 days but within 60 days, the face amount of the bill is due. If paid after 60 days but within 90 days, a 5% penalty will be charged. After 90 days, the bill will accrue a 10% penalty plus interest.

0 * *	Real Estate Rate / Tang. Property Rate	Real Estate Value / Tang. Property Value	Real Estate Total (\$)	Tangible Property Total (\$)
0 * *	0.12800 / 0.14700	376655.00 / 875777.00	482.12	1,287.39
0 * *	0.55100 / 0.59400	376655.00 / 875777.00	2,075.37	5,202.12
11,678.2+	0.04000 / 0.04000	376755.00 / 875777.00	150.70	350.31
11,678.2*+	0.04000 / 0.07470	376655.00 / 875777.00	150.66	654.21
	0.01550 / 0.02500	376655.00 / 875777.00	58.38	218.94
	0.00900 / 0.00000	376655.00 / 875777.00	33.90	0.00
	0.10000 / 0.10000	188327.00 / 437889.00	188.33	437.89
	0.10000 / 0.10000	188328.00 / 437888.00	188.33	437.89

*pd*  
*5/22/07*  
*CHK 025885*

**Total** 3,327.79 8,588.75

Payment Received By \_\_\_\_\_  
Signed \_\_\_\_\_  
Date \_\_\_\_\_ By \_\_\_\_\_

Subtotal	<u>11,916.53</u>
Discount (%)	<u>0</u>
0 - 30 DAYS (2% discount)	<u>11,678.20</u>
30 - 60 DAYS	<u>11,916.53</u>
60 - 90 DAYS (5% Penalty)	<u>12,512.36</u>

Commonwealth of Kentucky  
**PROPERTY TAX STATEMENT**

*never  
 Mailed 10/6*

**PUBLIC SERVICE COMPANY**

Return Payment to:

Sheriff JOHN K BLACKBURN  
 County FLOYD  
 Address PO BOX 152  
41653

**BILL NUMBER 19**

Assessment for 2005 Taxes

Date 10-05-05

0.\*

0.\*

5,245.18+  
 5,245.18\*+

INC.

41653

**Payment Instructions**

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowable for early payment. If not paid within 30 days, a 10 percent penalty of total tax plus interest at 10 percent per annum applies. Make payment to sheriff of county named on statement.

*1/11/05  
 CHD 24/65*

Rate	Tang. Prop. Rat	Real Estate Value / Tang. Prop. Value	Real Estate Total	Tang. Prop. Tot
0.12700/	0.14900	514922.00/ 87193.00	653.95	129.92
0.53000/	0.59000	514922.00/ 87193.00	2,729.09	514.44
0.04000/	0.04000	514922.00/ 87193.00	205.97	34.88
0.03600/	0.06380	514922.00/ 87193.00	185.37	55.63
0.01350/	0.02060	514922.00/ 87193.00	69.51	17.96
0.00900/	0.00000	514922.00/ 87193.00	46.34	0.00
0.10000/	0.10000	257461.00/ 43597.00	257.46	43.60
0.10000/	0.10000	257461.00/ 43596.00	257.46	43.60

AUXIER FIRE DISTRICT  
 NORTH FLOYD FIRE DISTRI

TOTALS BY TAXING DISTRICT

4,405.15

840.03

Signed \_\_\_\_\_ County Clerk  
 Payment Received By \_\_\_\_\_ Sheriff  
 Date \_\_\_\_\_ By \_\_\_\_\_ Deputy

**TOTAL TAX** 5,245.18  
**PENALTY** (10% of total past 30 days) \_\_\_\_\_  
**INTEREST** (10% per annum past 30 days) \_\_\_\_\_  
**TOTAL TAX, PENALTY AND INTEREST** \_\_\_\_\_

January 07

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

DATE: 02/26/07  
BUS. PERIOD: 1/07

CLIENT NO.: 089985-01  
CONTRACT NO.: SSEE03  
INVOICE NUMBER: SSEE030702  
VOUCHER NUMBER: 00702579

NAME: Auxier Road Gas Company Inc.  
ADDRESS: P. O. Box 785  
CITY: Prestonburg, KY 41653  
ATTN: Estill Branham

DESCRIPTION	DTM	BILLING RATE	AMOUNT	DATE
Current Volumes 857016	1,757	\$6.67	\$11,719.19	1/07

\*\* INVOICE AMOUNT DUE \*\* \$11,719.19  
\*\* NET AMOUNT DUE ON OR BEFORE MARCH 9, 2007\*\*

Make Check Payable To: CHESAPEAKE APPALACHIA, LLC  
Please Remit Check To: PO BOX 96-0277  
OKLAHOMA CITY, OK 73196-0277  
Please Return One Copy Of This Invoice With Your Remittance

February 2007

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

CLIENT NO.: 089985-01  
CONTRACT NO.: SSE003  
INVOICE NUMBER: SSE0030703  
VOUCHER NUMBER: 00703579

DATE: 03/20/07  
BUS. PERIOD: 2/07

NAME: Auxier Road Gas Company Inc.  
ADDRESS: P. O. Box 785  
CITY: Prestonburg, KY 41653  
ATTN: Esbill Branham

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Current Volumess	1.8414	\$7.72	\$14,235.68	2/07

**\*\* INVOICE AMOUNT DUE \*\***  
**\*\* NET AMOUNT DUE ON OR BEFORE MARCH 30, 2007 \*\***  
**\$14,235.68**

Make Check Payable To: **CHESAPEAKE APPALACHIA, LLC**  
Please Remit Check To: **PO BOX 96-0277**  
**OKLAHOMA CITY, OK 73196-0277**  
Please Return One Copy Of This Invoice With Your Remittance

March 2007

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

CLIENT NO.: 089985-01  
CONTRACT NO.: SSE003  
INVOICE NUMBER: SSE0030704  
VOUCHER NUMBER: 00704579

DATE: 04/24/07  
BUS. PERIOD: 3/07

NAME: Auxier Road Gas Company Inc.  
ADDRESS: P.O. Box 785  
CITY: Prestonburg, KY 41653  
ATTN: Esli Branham

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Current Values	109	\$8.41	\$916.69	3/07

INVOICE AMOUNT DUE \$916.69  
NET AMOUNT DUE ON OR BEFORE MAY 14, 2007

CHESAPEAKE APPALACHIA, LLC

PO BOX 96-0277  
OKLAHOMA CITY, OK 73196-0277

Make Check Payable To:  
Please Remit Check To:  
Please Return One Copy Of This Invoice With Your Remittance

0\*\*

0\*\*

36,004.08+  
36,004.08\*

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

CLIENT NO.: 088985-01  
CONTRACT NO.: SSE003  
INVOICE NUMBER: SSE0030802  
VOUCHER NUMBER: 00802579

D: 02/19/08  
1/08

Auxier Road Gas Company Inc.  
P.O. Box 785  
FAX: 606-889-9995

Prestonburg, KY 41653  
Estill Branham

21  
126108  
RH026567

Current Volumes	SEQ. 1	SEQ. 2	DTH	BILLING RATE	AMOUNT	DATE
2,144	2,290	4234	1.2499	\$8.12	\$17,409.28	1/08
			1.2499	\$8.12	\$18,594.80	

\*\* INVOICE AMOUNT DUE \*\*

\$36,004.08

\*\* NET AMOUNT DUE ON OR BEFORE MARCH 14, 2008 \*\*

CHESAPEAKE APPALACHIA, LLC

PO BOX 96-0277  
OKLAHOMA CITY, OK 73196-0277

Please Return One Copy Of This Invoice With Your Remittance

Make Check Payable To:

Please Remit Check To:

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

03/17/08  
 2/08

CLIENT NO.: 089985-01  
 CONTRACT NO.: SSE003  
 INVOICE NUMBER: SSE0030803  
 VOUCHER NUMBER: 00903579

0\*\*

Auxier Road Gas Company Inc.  
 P.O. Box 785  
 Prestonburg, KY 41653  
 Estill Branch

FAX: 606-889-9995

40,804.69+  
 40,804.69\*

1  
 35 SEQ. 1  
 SEQ. 2

3 for December production

DTH  
 2,206  
 2,373  
 4579

BILLING  
 RATE  
 \$8.95  
 \$8.95

AMOUNT  
 \$19,743.70  
 \$21,238.35  
 (\$177.36)

DATE  
 2/08  
 12/07

1249.9 =  
 11.12

\*\* INVOICE AMOUNT DUE \*\*

\$40,804.69

\*\* NET AMOUNT DUE ON OR BEFORE FEBRUARY 8, 2008 \*\*

Payable To:

CHESAPEAKE APPALACHIA, LLC

Please Remit Check To:

PO BOX 96-0277  
 OKLAHOMA CITY, OK 73196-0277

Please Return One Copy Of This Invoice With Your Remittance

*pd*  
*4/1/08*  
*kt# 026653*

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

DATE: 04/15/08  
 BUS. PERIOD: 3/08

CLIENT NO.: 089985-01  
 CONTRACT NO.: SSEE03  
 INVOICE NUMBER: SSE0030804  
 VOUCHER NUMBER: 00904579

NAME: Auxier Road Gas Company Inc.  
 ADDRESS: P. O. Box 785  
 CITY: Prestonburg, KY 41653  
 ATTN: Esbill Branham

FAX: 606-889-9995

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Current Volume	2.146	\$10.04	\$21,545.84	3/06
ASTMIA	2.317	\$10.04	\$23,282.68	

*4463*

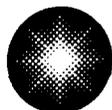
*120990*

\*\* INVOICE AMOUNT DUE \*\* \$44,808.52  
 \*\* NET AMOUNT DUE ON OR BEFORE APRIL 30, 2008 \*\*

Make Check Payable To: CHESAPEAKE APPALACHIA, LLC

Please Remit Check To: PO BOX 96-0277  
 OKLAHOMA CITY, OK 73196-0277

Please Return One Copy Of This Invoice With Your Remittance



**Constellation  
NewEnergy®  
Gas Division**

Invoice Number: 01-2008-05160  
 Invoice Date: 02/08/08  
 Page: 1

Bill To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Ship To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Production Month: January 2008

P.O. Number:  
 Due Date: 02/18/08  
 Terms: Net 10 Days

MAIL TO: Constellation NewEnergy-Gas  
 Po Box 2059  
 Carol Stream, IL 60132-2059

Customer ID: 827  
 Shipping ID: 827

WIRE TO: Constellation NewEnergy-Gas  
 c/o Citibank Delaware  
 ABA# 031100209  
 ACCOUNT# 38693287  
 1 penn's way

Description/Point of Sale	Unit	Quantity	Unit Price	Total Price
Natural Gas Sales				
Month of 1/2008				
TCO-Auxier Road Gas	DTH	13,000	7.8856	102,512.80

		Subtotal:	\$	102,512.80
Amount Subject	Amount Exempt	Total Sales Tax:	\$	0.00
To Sales Tax	From Sales Tax	Gross Receipt Tax:	\$	0.00
0.00	102,512.80	Please Pay:	\$	102,512.80



Invoice Number: 02-2008-06200  
 Invoice Date: 03/10/08  
 Page: 1

Bill To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Ship To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Production Month: February 2008

MAIL TO: Constellation NewEnergy-Gas  
 Po Box 2059  
 Carol Stream, IL 60132-2059

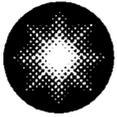
P.O. Number:  
 Due Date: 03/20/08  
 Terms: Net 10 Days

WIRE TO: Constellation NewEnergy-Gas  
 c/o Citibank Delaware  
 ABA# 031100209  
 ACCOUNT# 38693287  
 1 penn's way

Customer ID: 827  
 Shipping ID: 827

Description/Point of Sale	Unit	Quantity	Unit Price	Total Price
Natural Gas Sales				
Month of 2/2008				
TCO-Auxier Road Gas	DTH	12,500	8.75	109,375.00

		Subtotal:	\$	109,375.00
Amount Subject	Amount Exempt	Total Sales Tax:	\$	0.00
To Sales Tax	From Sales Tax	Gross Receipt Tax:	\$	0.00
0.00	109,375.00	Please Pay:	\$	109,375.00



**Constellation**  
**NewEnergy™**  
 Gas Division

Invoice Number: 03-2008-07090  
 Invoice Date: 04/08/08  
 Page: 1

Bill To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Ship To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Production Month: March 2008

MAIL TO: Constellation NewEnergy-Gas  
 Po Box 2059  
 Carol Stream, IL 60132-2059

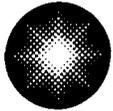
P.O. Number:  
 Due Date: 04/18/08  
 Terms: Net 10 Days

WIRE TO: Constellation NewEnergy-Gas  
 c/o Citibank Delaware  
 ABA# 031100209  
 ACCOUNT# 38693287  
 1 penn's way

Customer ID: 827  
 Shipping ID: 827

Description/Point of Sale	Unit	Quantity	Unit Price	Total Price
Natural Gas Sales				
Month of 3/2008				
TCO-Auxier Road Gas	DTH	10,000	9.8854	98,854.00

		Subtotal:	\$	98,854.00
Amount Subject	Amount Exempt	Total Sales Tax:	\$	0.00
To Sales Tax	From Sales Tax	Gross Receipt Tax:	\$	0.00
0.00	98,854.00	Please Pay:	\$	98,854.00



**Constellation  
NewEnergy®  
Gas Division**

Invoice Number: 03-2007-09030  
 Invoice Date: 04/09/07  
 Page: 1

Bill  
 To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Ship  
 To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

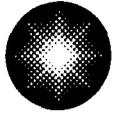
PRODUCTION MONTH March 2007  
 Customer ID 827  
 P.O. Number  
 Due Date 04/19/07  
 Terms Net 10 Days

MAIL TO: Constellation NewEnergy-Gas  
 Po Box 2059  
 Carol Stream, IL 60132-2059

WIRE TO: Constellation NewEnergy-Gas  
 c/o Citibank Delaware  
 ABA# 031100209  
 ACCOUNT# 38693287  
 1 penn's way

Description/Point of Sale	Unit	Quantity	Unit Price	Total Price
Natural Gas Sales				
Month of 3/2007				
TCO-Auxier Road Gas	DTH	10,000	8.231	82,310.00
TCO-Auxier Road Gas	DTH	1,000	8.172	8,172.00

		Subtotal:	\$	90,482.00
Amount Subject	Amount Exempt	Total Sales Tax:	\$	0.00
To Sales Tax	From Sales Tax	Gross Receipt Tax:	\$	0.00
0.00	90,482.00	Please Pay:	\$	90,482.00



**Constellation  
NewEnergy<sup>®</sup>  
Gas Division**

Invoice Number: 02-2007-07410  
 Invoice Date: 03/08/07  
 Page: 1

Bill  
 To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

Ship  
 To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

**PRODUCTION MONTH** February 2007  
 Customer ID 827  
 P.O. Number  
 Due Date 03/18/07  
 Terms Net 10 Days

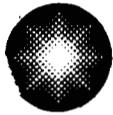
**MAIL TO:** Constellation NewEnergy-Gas  
 Po Box 2059  
 Carol Stream, IL 60132-2059

**WIRE TO:** Constellation NewEnergy-Gas  
 c/o Citibank Delaware  
 ABA# 031100209  
 ACCOUNT# 38693287  
 1 penn's way

Description/Point of Sale	Unit	Quantity	Unit Price	Total Price
Natural Gas Sales				
Month of 2/2007				
TCO-Auxier Road Gas	DTH	2,000	8.495	16,990.00
TCO-Auxier Road Gas	DTH	160	11.95	1,912.00
TCO-Auxier Road Gas	DTH	12,500	7.5263	94,078.75

14660.

		Subtotal:	\$	112,980.75
Amount Subject	Amount Exempt	Total Sales Tax:	\$	0.00
To Sales Tax	From Sales Tax	Gross Receipt Tax:	\$	0.00
0.00	112,980.75	Please Pay:	\$	112,980.75



**Constellation**  
**NewEnergy®**  
 Gas Division

Invoice Number: 01-2007-05520  
 Invoice Date: 02/07/07  
 Page: 1

**Bill**

To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

**Ship**

To: Estill Branham  
 Auxier Road Gas Company  
 PO Box 785  
 Prestonsburg, KY 41653

**PRODUCTION MONTH** January 2007  
 Customer ID 827  
 P.O. Number  
 Due Date 02/17/07  
 Terms Net 10 Days

**MAIL TO: Constellation NewEnergy-Gas**  
**Po Box 2059**  
**Carol Stream, IL 60132-2059**

**WIRE TO: Constellation NewEnergy-Gas**  
**c/o Citibank Delaware**  
**ABA# 031100209**  
**ACCOUNT# 38693287**  
**1 penn's way**

Description/Point of Sale	Unit	Quantity	Unit Price	Total Price
Natural Gas Sales				
Month of 1/2007				
TCO-Auxier Road Gas	DTH	12,000	6.4526	77,431.20

		Subtotal:	\$	77,431.20
Amount Subject	Amount Exempt	Total Sales Tax:	\$	0.00
To Sales Tax	From Sales Tax	Gross Receipt Tax:	\$	0.00
0.00	77,431.20	Please Pay:	\$	77,431.20

II. Increased Cost Information

1c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

Response:

<u>Customer Class</u>		<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Present Increase</u>
Commercial	1st	5.11	6.36	24.46%
	All Over	4.2599	5.5099	29.34%
Residential	1st	5.11	6.36	24.46%
	All Over	4.2599	5.5099	29.34%

### III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

Response: Auxier Road Gas Co., Inc. is proposing a base rate increase of \$1.25 in order to properly maintain service to our customers and our system. We have not had a rate case since 1991. As you are well aware the cost of doing business alone has increased drastically. For the year ended 2007 Auxier had a net loss of \$141,893. Our GCR was not able to recover the cost of natural gas purchases for 2007. Therefore, our base rate had to be used to help pay for the expense. Gas prices are increasing at a fast pace.

Please see the attached Energy Information Administration report. We believe filing our GCR's on a quarterly basis is insufficient at keeping up with this pace and request filing our Expected Gas Cost on a monthly basis.

Auxier is expecting the addition of a large commercial customer in the latter part of 2008 or early 2009. In order to accommodate this customer Auxier is in need of additional personnel, outside services, supplies, fuel, etc. Also, Chesapeake Energy has informed Auxier in order to maintain pressure from their feed we will need to add a compressor at an estimated cost of \$100,000.

The Federal Public Awareness Plan requirements, safety regulations, cost of postage, printing and high gasoline prices are additional examples of the need for an increase.

FOR Entire Area Served

P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

AUXIER ROAD GAS COMPANY, INC.

Cancelling P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

**RULES AND REGULATIONS**

The GCR will be added to or subtracted from the latest base tariff rates prescribed by Commission Order in the tariff rates stated on each applicable rate sheet within this tariff.

Definitions

For purposes of this tariff:

1. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonable expected to be in effect during the ~~calendar~~<sup>month</sup> quarter, on purchased volumes for the most recently available twelve-month period, divided by the corresponding sales volume. In the event that line loss exceeds 5 percent, purchased volumes for the twelve-month period shall be calculated as: sales volumes + .95. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustment of this type shall be described in the quarterly GCR application.
2. The "GCR" is the total of the expected gas cost and all adjustments.
3. The "Calendar Quarters" are: 1st January, February, and March; 2nd April, May, and June; 3rd July, August, and September; and 4th October, November, and December.
4. "Reporting Period" means the three month accounting period that ended approximately 60 days prior to the filing date of the updated gas cost recovery rates, i.e., the calendar quarters ended March 31, June 30, September 30 and December 31 of each year.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

APR 10 1991

PURSUANT TO 807 KAR 5.011

DATE OF ISSUE May 14 1991  
Month Day Year

DATE EFFECTIVE April 1991  
Month Year

COVERED BY Estell Branham  
Name of Officer

President  
Title

SECTION 9(1)  
Estell Branham  
PUBLIC SERVICE COMMISSION MANAGER  
Prestonsburg, KY  
Address

FOR Entire Area Served

P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

AUXIER ROAD GAS COMPANY, INC.

Cancelling P.S.C. Ky. No. \_\_\_\_\_

Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

GAS COST ADJUSTMENT CLAUSE

Determination of GCR

The Company shall file a gas cost recovery rate (GCR) with the Commission at least <sup>30</sup>~~30~~ days prior to the first day of each ~~calendar~~ <sup>month</sup> quarter. The GCR shall become effective for billing for service rendered on and after the first day of each ~~calendar~~ <sup>month</sup> quarter.

The gas cost recovery rate is comprised of:

1. The expected gas cost (EGC) on a dollar-per-Mcf basis, which represents the average expected cost of purchased gas based on 12 months of actual usage.
2. The actual adjustment (AA), on a dollar-per-Mcf basis, which compensates for differences between previous quarters' expected gas cost and the actual cost of gas. The AA shall equal the sum of the AA for the reporting period and for the three preceding calendar quarters.
3. The supplier refund adjustment (RA) on a dollar-per-Mcf basis, which reflects the refunds received from suppliers during the reporting period plus interest at a rate equal to one-half of one percent below the average 90-day commercial paper rate for the twelve-month period. In the event of any large or unusual refund, the company may apply to the Commission for the right to depart from the refund procedures set forth herein.
4. The balance adjustment (BA) on a dollar-per-Mcf basis, which compensates for any remaining under- or over-collections which have occurred as a result of prior actual, refund, and balance adjustments.

Billing

The gas cost recovery rate to be applied to bill <sup>to customers</sup> shall equal the sum of the following components:

GCR = EGC + AA + RA + BA

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

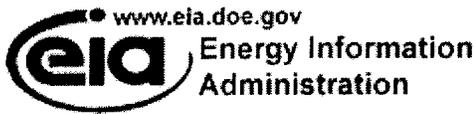
APR 10 1991

DATE OF ISSUE May 11 1991  
Month Day Year

DATE EFFECTIVE APR 10 1991  
Month Day Year

PURSUANT TO 807 KAR 5.01(1)  
SECTION 9(1)  
BY: George D. Miller  
PUBLIC SERVICE COMMISSION MANAGER

APPROVED BY Esther A. ... President

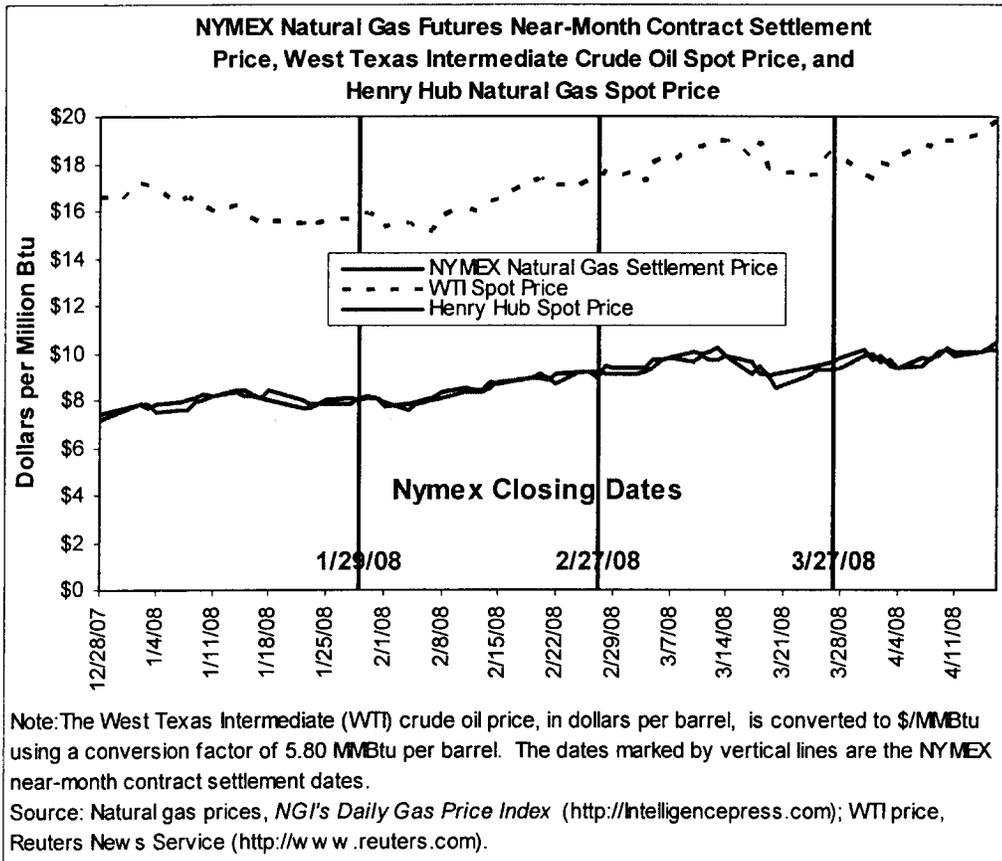


## Overview (Wednesday, April 9, to Wednesday, April 16)

Released: April 17, 2008

Next release: April 24, 2008

- Since Wednesday, April 9, natural gas spot prices increased at virtually all market locations in the Lower 48 States. Currently, spot prices exceed the average spot prices of the 2007-2008 heating season by about 25 percent.
- At the New York Mercantile Exchange (NYMEX), the futures contract for May delivery at the Henry Hub settled yesterday (April 16) at \$10.433 per million Btu (MMBtu), posting a 38-cent increase and reaching the highest price for a near-month contract since January 2006.
- Natural gas in storage was 1,261 billion cubic feet (Bcf) as of April 11, which is 0.2 percent below the 5-year average (2003-2007).
- The spot price for West Texas Intermediate (WTI) crude oil increased \$3.91 per barrel on the week to \$114.80 per barrel or \$19.79 per MMBtu.



### Prices:

The natural gas market has entered the shoulder season characterized by softer demand resulting from more moderate temperatures and the lack of temperature extremes across much of the country. However, the price patterns outside of the Rockies and Midcontinent failed to respond to the decrease in demand. With the exception of the Rocky Mountain and Midcontinent regions, where average prices were virtually unchanged, average prices increased in all other trading regions in the Lower 48 States. Prices in California, for example, registered average price increases of 23 cents on the week in response to the chilly temperatures that generated

some heating demand, particularly on Monday and Tuesday of this week.

**Prices in the producing region along the Gulf Coast increased on the week, rising between 6 and 25 cents per MMBtu.** The Henry Hub spot price rose 22 cents per MMBtu to an average of \$10.11 per MMBtu in yesterday's trading. The Henry Hub spot price exceeded \$10 per MMBtu in each trading day since last Thursday (April 10), when it reached \$10.18 per MMBtu, the highest price at this location since December 27, 2005. Temperatures this week also created some cooling demand, most notably in the Southwest. Prices in Arizona/Nevada, where temperatures in some areas reached 90 degrees this week, increased 26 cents or 2.7 percent, registering the highest weekly average increase in the Lower 48.

**The current price level is unusual for this time of year, as the shoulder season prices are generally significantly lower than those during the heating season months.** Natural gas spot prices exceeded \$10 per MMBtu at 37 trading locations yesterday. The unweighted average natural gas spot price in the Lower 48 States yesterday was \$9.87 per MMBtu. Average spot prices in the Lower 48 States during the 2007-2008 heating season averaged \$7.93 per MMBtu, which was about 20 percent lower than yesterday's average price.

Spot Prices (\$ per MMBtu)	Thu 10-Apr	Fri. 11-Apr	Mon. 14-Apr	Tue. 15-Apr	Wed. 16-Apr
Henry Hub	10.18	10.06	10.03	10.16	10.11
New York	11.08	10.91	10.94	10.91	10.81
Chicago	10.36	10.31	10.15	10.16	10.08
Cal. Comp. Avg.*	9.82	9.66	9.78	9.85	9.84
Futures (\$/MMBtu)					
May delivery	10.098	9.901	10.053	10.205	10.433
June delivery	10.181	9.978	10.126	10.295	10.532

\*Avg. of NGI's reported avg. prices for: Malin, PG&E citygate, and Southern California Border Avg.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>).

**Supply constraints in the natural gas market and high crude oil prices most likely led to higher prices on both the spot and futures markets.** Production at the deepwater Gulf of Mexico Independence Hub natural gas platform continues to be shut-in, which results in a natural gas supply loss of more than 850 million cubic feet per day. While Enterprise Products Partners LP, the owner of the production platform and the Independence Trail pipeline, initially estimated that repairs would take between 1 and 4 weeks, there have been no additional updates as to when supply could come back online. Furthermore, liquefied natural gas (LNG) imports continue to be significantly below last year's volumes, with an average of less than 1 Bcf per day imported during the first 2 weeks of April. In April 2007, the United States imported approximately 3.2 Bcf per day of LNG. Yesterday's price of WTI crude oil was almost double the natural gas spot price at the Henry Hub.

**Natural gas futures prices for May delivery rose on the week, posting a 38-cent per MMBtu increase.** The price of the May futures contract settled yesterday at \$10.433 per MMBtu, increasing in four trading sessions during the week. Yesterday's price of the near-month contract was the highest in more than 2 years. In fact, the price of the May contract remained above \$10 per MMBtu the entire week, with the exception of the settlement price of \$9.901 per MMBtu on April 11. This week marks the fourth consecutive week that the near-month price has registered a net increase.

**Futures prices for natural gas delivery through April 2009 posted similar increases, with the 12-month strip rising 40 cents.** Prices for the 12-month futures strip (May 2008 through April 2009) averaged \$10.841 per MMBtu as of Wednesday, April 16, increasing about 4 percent. The April 2009 contract was the only contract that settled below \$10 per MMBtu in yesterday's session, while the 2008-2009 heating season contracts averaged \$11.367 per MMBtu.

## Recent Natural Gas Market Data

**Estimated Average Wellhead Price**

	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Price (\$ per Mcf)	6.25	6.37	6.53	6.99	7.55	8.29
Price (\$ per MMBtu)	6.07	6.19	6.35	6.79	7.34	8.06

Note: Prices were converted from \$ per Mcf to \$ per MMBtu using an average heat content of 1,029 Btu per cubic foot as published in Table A4 of the Annual Energy Review 2006. Source: Energy Information Administration, Office of Oil and Gas.

**Storage:**

Working gas in underground storage was 1,261 Bcf as of April 11, which differs from the 5-year average inventory level for the report week by only 3 Bcf, according to EIA's *Weekly Natural Gas Storage Report* (see [Storage Figure](#)). This week's net injection, which was the first injection of the year, was 27 Bcf and it sharply contrasts with both the 5-year average net injection of 7 Bcf and last year's net withdrawal of 26 Bcf. Last year's net withdrawal was the second-highest withdrawal recorded in April in EIA's 14-year database of weekly storage activity. The net injection for the report week thus reduced the differences between current storage inventories and both last year's level and the 5-year (2003-2007) average.

This report week's implied net injection came during a week in which the weather for the country as a whole was colder than normal, with heating degree-days (HDDs) about 12 percent higher than normal. However, temperatures in the Lower 48 States were about 26 percent warmer than last year for the same week (see [Temperature Maps and Data](#)), leading to the relative differential from last year's withdrawal of 26 Bcf. The Middle Atlantic and South Atlantic were the only Census Divisions that recorded colder-than-normal temperatures, with HDDs numbering 6.6 and 14.1 percent higher than normal.

	Current Stocks 4/11/08	One-Week Prior Stocks 4/04/08	Implied Net Change from Last Week	Estimated Prior 5-Year (2003-2007) Average	Percent Difference from 5 Year Average
All Volumes in Bcf					
East Region	582	563	19	574	1.4
West Region	176	173	3	206	-14.6
Producing Region	503	498	5	484	3.9
Total Lower 48	1,261	1,234	27	1,264	-0.2

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Row and column sums may not equal totals due to independent rounding.

**Other Market Trends:**

**New LNG Import Terminals in North America Receive First Cargoes.** U.S. capacity to receive imports of liquefied natural gas (LNG) increased considerably this week as two new marine terminals received first cargoes to commence their commissioning processes. Sabine Pass LNG, L.P., on Friday, April 12, took delivery of the LNG tanker *The Celestine River* at its new terminal located in Cameron Parish, Louisiana, becoming the first onshore LNG terminal to open in the United States in more than 25 years. The Sabine Pass LNG terminal, which is owned by Cheniere Energy Inc., has two berthing docks, each capable of handling ships with capacity to transport 265,000 cubic meters of LNG, which is equivalent to almost 6 billion cubic feet (Bcf) of natural gas in gaseous form. In its first operating phase, Sabine Pass LNG has the capacity to vaporize 2.6 Bcf per day, with Total, S.A.; Chevron; and affiliate Cheniere Marketing having purchased capacity rights. On Tuesday, April 15, Freeport LNG L.P., which broke ground on its facility on Quintana Island, Texas, in 2005, received the LNG tanker *Excelsior*. Freeport LNG has one berthing dock that also can receive tankers with capacity to transport about 6 Bcf. In its initial operations, the facility has a capacity to vaporize 1.5 Bcf per day. This send-out capacity has been purchased by ConocoPhillips Company and Dow Chemical Company.

Excelerate Energy LLC expects its first LNG shipment to the Northeast Gateway terminal offshore Massachusetts in May. Northeast Gateway, located about 18 miles east of Boston, is similar to the existing offshore Gulf of

Mexico facility Gulf Gateway, which opened in 2005 and also is owned by Exceleerate. The two facilities do not have regasification equipment on site, and as a result require specialized tankers for delivery and regasification of the LNG. Nonetheless, they both can deliver approximately 0.5 Bcf per day into adjoining pipeline infrastructure when supplies are available. A fourth LNG facility, Cameron LNG, located on Lake Charles, Louisiana, began construction in late 2005 and expects to begin commercial operations by late 2008. The terminal's owner, Sempra LNG, has reached agreements to provide Tractebel LNG North America up to one-third of the capacity, or about 0.5 Bcf per day, for 20 years. Additionally, Italy's ENI signed a preliminary agreement with Sempra to take 0.6 Bcf per day of capacity for 20 years.

With both Freeport LNG and Sabine Pass LNG now operational, U.S. capacity to receive LNG imports has increased from approximately 5 Bcf per day at the end of 2007 to about 9.1 Bcf per day. By the end of 2008, total U.S. capacity to receive LNG imports is expected to reach more than 11 Bcf per day. In addition, LNG facilities in Canada and Mexico are nearing completion that will boost total North American LNG import capacity to nearly 14 Bcf per day. Sempra LNG is set to begin the commissioning of its Costa Azul LNG facility in Baja California perhaps as soon as next week with one cargo reportedly on standby offshore the site's location waiting to discharge. Costa Azul LNG will have the capacity to deliver 1.5 Bcf per day into the pipeline grid, much of which is expected to be exported to U.S. markets. Lastly, Canaport LNG L.P., owned by Irving Oil Limited and Repsol YPF, anticipates completing construction by the end of 2008. This facility, located in Saint John, New Brunswick, Canada, will have a send-out capacity of 1.2 Bcf per day, much of which is destined for markets in the northeastern United States.

#### **Natural Gas Transportation Update:**

- On April 10, Florida Gas Transmission Company issued an Overage Alert Day (OAD) set at 25 percent tolerance, because of high temperatures and low linepack. Previously scheduled market-area Interruptible Transportation Service was not interrupted below the elapsed prorated scheduled quantity. The OAD was in effect between April 10 and 13.
- On April 15, Gulf South Pipeline Company announced that it has completed the maintenance on Unit Number 3 at the Carthage Number 2 Compressor Station located in Panola County, Texas. During the maintenance, capacity through the Carthage 2 Station may have been reduced by as much as 50,000 decatherms (Dth).
- Questar Pipeline Company announced that a withdrawal test was completed on April 15 at the Clay Basin storage facility in Utah. The facility returned to normal operations on April 16. Capacities are as follows: withdrawal is 460,000 Dth per day (Dth/d); injection is 325,000 Dth/d; and park and loan is 25,000 Dth/d.

#### Short Term Energy Outlook

III. Other Information

a.2) Total number of Customers as of the date of filing:

Response: Auxier currently has 485 customers.

III. Other Information

a.3) Total amount of increased revenue requested

Response: The total amount of revenue requested by Auxier is \$120,246.

III. Other Information

4.a) Does the utility have any outstanding indebtedness?

Response: Yes. See Attached.

**FIRST AMENDMENT TO \$100,000.00  
REVOLVING CREDIT PROMISSORY NOTE  
DATED FEBRUARY 20, 1998  
A/N 6010-0276-767, NOTE # 3**

2/20/98  
our loan

**THIS FIRST AMENDMENT TO REVOLVING CREDIT PROMISSORY NOTE** is made and entered into as of the 25 day of July, 2000, by and among (i) **COMMUNITY TRUST BANK, N.A.**, a national banking association with its offices and principal place of business in Pikeville, Pike County, Kentucky 41501 (hereinafter called the "Bank"); (ii) **AUXIER ROAD GAS COMPANY, INC.**, a Kentucky corporation of P.O. Box 785, Prestonsburg, KY 41653 (hereinafter called the "Maker"); and (iii) **ESTILL BRANHAM** of P.O. Box 785, Prestonsburg, KY 41635 (hereinafter called the "Guarantor").

**RECITALS:**

**WHEREAS**, Maker previously delivered to the Bank a Revolving Promissory Note in the original principal amount of **ONE HUNDRED THOUSAND AND 00/100 DOLLARS (\$100,000.00)** (as amended hereby is called the "Original Note") which Original Note is dated February 20, 1998; and

**WHEREAS**, the Original Note was previously extended by a Loan Amendment/Extension/ Renewal Form dated August 17, 1999; and

**WHEREAS**, the Original Note was unconditionally guaranteed by the Guarantor; and

**WHEREAS**, the Original Note is still outstanding and the indebtedness evidenced thereby has not been fully repaid; and

**WHEREAS**, the Original Note matures on August 20, 2000; and

**WHEREAS**, the parties hereto have requested that the maximum commitment amount be increased and the maturity date be extended for an additional one year term; and

**NOW, THEREFORE**, in accordance with the foregoing **RECITALS** and for other good and sufficient consideration, the parties hereto agree to as follows:

1. The maximum principal amount of the Note is hereby increased to **One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00)**.
2. The Maturity Date, at which time all remaining principal and accrued but unpaid interest shall be due and payable in full, is hereby established to be August 20, 2001.
3. The Guarantor hereby remakes and restates his full and unconditional guaranty of the Note.
4. Except as modified and amended hereby, the Original Note shall remain in full force and effect according to its terms from and after the date hereof.

02-20-1998  
Loan No

**PROMISSORY NOTE**  
(Continued)

Page 2

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

**BORROWER:**

**AUXIER ROAD GAS COMPANY, INCORPORATED**

By:   
**ESTILL BRANHAM, PRESIDENT/SECRETARY**

Variable Rate. Life of Credit.

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.24a (c) 1994 CRF Services, Inc. All Rights Reserved. KY-D28 E5.34 AUXIER.LN C5.DVL

# PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call	Collateral	Account	Office	Initials
\$100,000.00	02-20-1998	09-20-1998						

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

**Borrower:** ALXIER ROAD GAS COMPANY, INCORPORATED  
 (TIN: [REDACTED])  
 P.O. BOX 785  
 PRESTONSBURG, KY 41653-0785

**Lender:** Community Trust Bank, N.A.  
 Main Office  
 206 North Mayo Trail  
 P. O. Box 2947  
 Paducah, KY 41502-2947

**Principal Amount:** \$100,000.00      **Initial Rate:** 8.500%      **Date of Note:** February 20, 1998

**PROMISE TO PAY.** ALXIER ROAD GAS COMPANY, INCORPORATED ("Borrower") promises to pay to Community Trust Bank, N.A. ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Thousand & 00/100 Dollars (\$100,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on August 20, 1998. In addition, Borrower will pay regular monthly payments of accrued unpaid interest beginning March 20, 1998, and all subsequent interest payments are due on the same day of each month after that. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Highest Prime Rate most recently published in "The Wall Street Journal's money rates column" as the base rate on corporate loans at large U.S. money center commercial banks (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute Index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each day. Any change in the Prime Rate shall be effective as of the day on which the change is announced to become effective. The Index currently is 8.500% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate equal to the Index, resulting in an initial rate of 8.500% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

**PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, they will reduce the principal balance due.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

**DEFAULT.** Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (c) Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the Related Documents. (d) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (e) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (f) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (g) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (h) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired. (i) Lender in good faith deems itself insecure.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this Note to 2.000 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the Commonwealth of Kentucky. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Pike County, the Commonwealth of Kentucky. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**RIGHT OF SETOFF.** Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

**COLLATERAL.** This Note is secured by Accounts Receivable, inventory and Assignment of Life Insurance Policy on Estill Branham

**LINE OF CREDIT.** This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following party or parties are authorized to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: ESTILL BRANHAM, PRESIDENT/SECRETARY. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (a) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower or any guarantor ceases doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (e) Lender in good faith deems itself insecure under this Note or any other agreement between Lender and Borrower.

**INTEREST INCREASE.** THIS NOTE'S INTEREST RATE WILL BE INCREASED BY 2% PER ANNUM IF ANY PAYMENT IS NOT RECEIVED WITHIN 30 DAYS OF ITS DUE DATE.

**GENERAL PROVISIONS.** This is a "most favored lender loan" being made under credit union rates. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral, or impair, fail to realize upon or partial Lender's security interest in the collateral, and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made.

The Original Note as amended hereby is intended to be secured by all the collateral described in the Original Note as the same may be amended from time to time, including the amendments, if any, entered into in connection herewith.

IN WITNESS WHEREOF, the parties have executed this FIRST AMENDMENT TO REVOLVING PROMISSORY NOTE effective the day, month and year first above written, but actually signed on the date following the respective execution of each party.

("Bank")

("Maker")

COMMUNITY TRUST BANK, N.A.

AUXIER ROAD GAS COMPANY, INC.

BY: [Signature]

BY: Estill Branham

TITLE: VP

TITLE: President

DATE: 7/26/00

DATE: July 22, 2000

("Guarantor")

[Signature]  
ESTILL BRANHAM

DATE: July 22, 2000

COUNTY OF: Lloyd

STATE OF: Ky

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of July, 2000, by Estill Branham, individually as guarantor and as President, on behalf of Auxier Road Gas Company, Inc., a Kentucky corporation.

[Signature]  
NOTARY PUBLIC

My Commission Expires: 10/18/03

[H:\SB\Amend\2000\Auxier]

SECURITY AGREEMENT AND MORTGAGE

THIS SECURITY AGREEMENT AND MORTGAGE made and entered into this 22nd day of October, 1981 by and between AUXIER ROAD GAS COMPANY, INC., a Kentucky corporation with principal offices located at Post Office Box 446, Prestonsburg, Floyd County, Kentucky 41653, hereinafter referred to as the Debtor; and the COMMONWEALTH OF KENTUCKY, acting by and for the use and benefit of the Department of Community and Regional Development, Capital Plaza Tower, Frankfort, Kentucky 40601, hereinafter referred to as the Secured Party;

WITNESSETH:

WHEREAS, the Debtor has applied, been approved for and received a loan from the Secured Party's Gas Systems Restoration Project Account, hereinafter referred to as GSRP Account, in the amount of four hundred forty-five thousand five hundred sixty-three dollars and sixty-four cents (\$445,563.64), with interest to run thereon at the rate of 5.125 percent, compounded annually for thirty years from November 1st, 1981; and

WHEREAS, as a prerequisite to the receipt of the loan funds the Debtor agreed to and executed CONDITIONS OF LOAN TO AUXIER ROAD GAS COMPANY, INC., a true copy of which is attached hereto and marked as AUXIER SECURITY AGREEMENT EXHIBIT A, hereinafter referred to as Conditions, and said Conditions were amended by AMENDMENT TO THE CONDITIONS OF LOAN TO AUXIER ROAD GAS COMPANY, INC., a true copy of which is attached hereto and marked as AUXIER SECURITY AGREEMENT EXHIBIT B, hereinafter referred to as Amended Conditions; and

WHEREAS, no promissory note evidencing said indebtedness has before this date been executed by the Debtor although the Debtor has received the loan proceeds and will begin making payments

WHEREAS, paragraph eleven of said Conditions provides that the Secured Party shall have as security for the loan a lien on all the Debtor's assets and future earnings, but no lien has been created nor security agreement executed by the Debtor in favor of the Secured Party providing the Secured Party with a security lien as agreed upon; and

WHEREAS, the Debtor has executed this date a promissory note as evidence of the debt secured by this Security Agreement and Mortgage and now wishes to execute this Security Agreement and Mortgage granting, releasing, assigning, transferring, pledging, and conveying to the Secured Party the lien as required by said Conditions and Amended Conditions;

NOW, THEREFORE, in consideration of the foregoing premises and the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, and in order to effectuate the aforesaid mortgage lien security interest to the Secured Party, the parties hereto hereby mutually agree, covenant and bind themselves as follows:

1. In order to secure the performance of a promissory note of even date herewith in the principal amount of four hundred forty-five thousand five hundred sixty-three dollars and sixty-four cents (\$445,563.64), with interest to run thereon at the rate of 5.125% compounded annually from November 1, 1981, to be paid in annual installment payments in the amount of twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86) for thirty years, with the annual installment payments first applied to interest and the balance to principal, the first annual installment payment in the amount of twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86) due and payable on the first day of November, 1982 and the remaining annual installment payments of twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86) for each subsequent year during

A non-interest bearing escrow account shall be maintained by the Secured Party for the Debtor into which the Debtor shall make twelve monthly installment payments yearly for purposes of accumulating sufficient funds to meet and be applied to the annual installment payments of interest and principal as hereinbefore stated, said monthly escrow installment payments to be made as follows: first and second monthly escrow installment payments in the amount of two thousand fifty-seven dollars and ninety-three cents (\$2,057.93) due and payable respectively on the 1st day of November and December, 1981, and the remaining November and December escrow installment payments of two thousand fifty-seven dollars and ninety-three cents (\$2,057.93) for each subsequent year during the life of the loan being due and payable respectively on the 1st day of November and December thereafter for thirty years; third, fourth, fifth, and sixth monthly escrow installment payments in the amount of four thousand two hundred sixty-two dollars and eighty-three cents (\$4,262.83) due and payable respectively on the 1st day of January, February, March, and April, 1982, and the remaining January, February, March, and April escrow installment payments of four thousand two hundred sixty-two dollars and eighty-three cents (\$4,262.83) for each subsequent year during the life of the loan being due and payable respectively on the 1st day of January, February, March, and April thereafter for thirty years; seventh and eighth monthly escrow installment payments in the amount of two thousand fifty-seven dollars and ninety-two cents (\$2,057.92) due and payable on the 1st day of May and June 1982 and the remaining May and June escrow installment payments of two thousand fifty-seven dollars and ninety-two cents (\$2,057.92) for each subsequent year during the life of the loan being due and payable on the 1st day of May and June thereafter for thirty years; the ninth, tenth, eleventh, and twelfth monthly escrow installment

and payable respectively on the 1st day of July, August, September and October thereafter for thirty years; with the final monthly escrow installment payment in the amount of one thousand twenty-eight dollars and ninety-six cents (\$1,028.96) due and payable on the 1st day of October, 2011. The twelve monthly escrow installment payments, accumulating twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86), shall be applied by the Secured Party to the Debtor's annual payment of interest and principal on the first day of November for each year during the life of the loan as hereinbefore stated; the Debtor hereby grants, releases, assigns, transfers, pledges, conveys and mortgages to the Secured Party a first mortgage lien and security interest in all property, both real and personal, tangible and intangible, as listed on the schedule of property attached hereto and marked as AUXIER SECURITY AGREEMENT EXHIBIT C, SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL, said listing comprising all the Debtor's assets.

2. It is covenanted and agreed that this agreement secures additional future loan advances to the Debtor and the notes evidencing the same, and all renewals or extensions thereof, and all renewals or extensions of the loan secured hereby and the note evidencing the same, provided the total principal balance does not exceed the principal amount of five hundred and fifty thousand (\$550,000) at any one time.

3. The Debtor hereby ratifies and reaffirms the terms and conditions set out in the attached Conditions and Amended Conditions to the extent said Conditions and Amended Conditions are not modified by the terms and conditions set out in this Security Agreement and Mortgage, and said Debtor adopting the same as if set out anew herein, said Conditions and Amended Conditions as modified by this agreement constituting covenants of this Security Agreement

terms hereto for which the Secured Party may proceed to enforce its rights hereunder and under the terms of the promissory note secured hereby initiating foreclosure proceedings as provided herein or as provided by law, at the option of the Secured Party.

4. It is covenanted and agreed that under the terms of this agreement and the note secured hereby, time of performance shall be of the essence.

5. It is further covenanted and agreed that the Debtor will not, without the written consent of the Secured Party, sell, contract to sell, lease, encumber, or otherwise dispose or alienate any of the property used as security in this agreement or any interest therein, other than what is necessary in the ordinary course of business, until the terms and conditions of this Security Agreement and Mortgage and of the note and or notes secured hereby have been fully satisfied.

6. The Debtor shall insure all of the property secured by this Security Agreement with companies acceptable to the Secured Party against such casualties and in such amounts as the Secured Party shall require in writing subsequent to this agreement. The insurance shall be for the benefit of the Debtor and the Secured Party as their interest may appear. The Secured Party is hereby authorized to collect from the insurance company any amount that may become due under any of such insurance, and the Secured Party is hereby authorized to collect from the insurance company any amount that may become due under any of such insurance, and the Secured Party may apply the same to the obligations hereby secured, applying the same first to interest with the balance applied to principal.

7. The Debtor shall pay promptly when due all taxes and

needed and proper repairs, and improvements thereto so that the business carried on by the Debtor may be properly and advantageously conducted at all times in accordance with prudent business management, and the Debtor will, subject to the provisions hereof, maintain its corporate existence.

9. The Secured Party shall have the right to examine and inspect the property used as security herein at any reasonable time and shall have the right to remove the same from the Debtor's premises in the event of default. For purposes of removal and possession of said property, the Secured Party may enter any premises of the Debtor without legal process, and the Debtor hereby waives and releases the Secured Party of and from any and all claims in connection therewith or rising therefrom.

10. This agreement and the note secured hereby shall be construed according to the applicable laws of the state of Kentucky and all obligations of the parties created hereunder are to be performed in the state of Kentucky.

11. Failure of the Secured Party to exercise any right or remedy, including but not limited by reason or enumeration, the acceptance of partial or delinquent payments, shall not constitute a waiver of any obligation of the Debtor nor the right or rights of the Secured Party or a waiver of any other similar default subsequently occurring.

TO HAVE AND TO HOLD all the property and assets of the Debtor, both real and personal, tangible and intangible including but not limited by reason of enumeration, future and or contingent interest of the Debtor, as hereinbefore set out in the attached exhibit, unto the Secured Party, its heirs and assigns, forever with the Debtor's warranty that the property herein listed constitutes all of the Debtor's property and that no other financing statement or mortgage covering said property or any part thereof or interest therein

AUXIER ROAD GAS COMPANY, INC.

BY: Estill B. Branham

Estill Branham, President

STATE OF KENTUCKY

COUNTY OF FLOYD

Before me, David D. Allen,  
a notary public in and for the state and county aforesaid this  
day personally appeared Estill Branham, President of AUXIER ROAD  
GAS COMPANY, INC., a Kentucky corporation, who is known to me  
to be the President of AUXIER ROAD GAS COMPANY, INC., a Kentucky  
Corporation, and acknowledged that he, as the duly authorized  
representative of the aforesaid corporation, having been authorized  
by resolution of the corporation's Board of Directors, executed  
the foregoing SECURITY AGREEMENT AND MORTGAGE, on behalf of the  
aforesaid corporation, and said agreement was executed as and  
is the free and voluntary act and deed of AUXIER ROAD GAS COMPANY,  
INC., for the uses and purposes set forth therein this 22nd  
day of October, 1981.

David D. Allen  
Notary Public, State of Kentucky  
At-Large

My Commission expires: 1-15-84

This instrument prepared by:

Jeffrey L. Hobart  
Jeffrey L. Hobart  
Legal Counsel  
Commerce Cabinet  
24th Floor, Capital Plaza Tower  
Frankfort, Kentucky 40601  
(502) 564-7670

AUXIER SECURITY AGREEMENT  
EXHIBIT C, SCHEDULE OF MORTGAGED  
PROPERTY AND COLLATERAL

BEING all natural gas mains, lines, customer service connections, regulators, gates, valves, stops, meters, measuring stations, including all other equipment and facilities owned and used in the purchase and distribution of natural gas to some five hundred domestic and commercial customers located in the town of Auxier and along highway route 23 from Sub-division at Porter School in Johnson County, running South along said highway to Cliff, in Floyd County, Kentucky, and vicinity.

Including all easements and rights of way for the maintenance, repair, replacement or removal of all such mains, lines and facilities.

CERTIFICATE OF RESOLUTION TO  
MORTGAGE PROPERTY

I, SALLYE BRANHAM, being the duly elected Secretary of AUXIER ROAD GAS COMPANY, a Kentucky corporation (the "Company"), do hereby certify that the following is a true and correct copy of a resolution duly adopted by the Board of Directors of the Company held on October 19<sup>th</sup>, 1981, and that said resolution was unanimously adopted by the Directors:

RESOLVED, that Estill Branham as President of the Company is authorized and directed for and on behalf of the Company to execute and deliver any and all loan documents, instruments and agreements, including without limitation a Promissory Note and a Security Agreement and Mortgage between the Company and the Commonwealth of Kentucky, acting by and for the use of the Department of Community and Regional Development's Gas System Restoration Project Account, to secure indebtedness of the Company in the original principal amount of four hundred forty-five thousand five hundred sixty-three dollars and sixty-four cents (\$445,563.64).

And I do further certify that the foregoing resolution was entered upon the minutes of the Company on the date and for the meeting herein specified.

IN WITNESS WHEREOF, I have executed this Certificate this 19<sup>th</sup> day of October, 1981.

Sallye M. Branham  
SALLYE BRANHAM, SECRETARY

PROMISSORY NOTE

AUXIER ROAD GAS COMPANY, INC., a Kentucky corporation with principal offices located at Post Office Box 446, Prestonsburg, Floyd County, Kentucky 41653, hereinafter referred to as "Maker", for and in consideration of a loan in the amount of four hundred forty-five thousand five hundred sixty-three dollars and sixty-four cents (\$445,563.64), the receipt of which is hereby acknowledged, does hereby promise to pay to the order of the Commonwealth of Kentucky, hereinafter referred to as the "Commonwealth," acting by and for the use and benefit of the Department of Community and Regional Development's Gas System Restoration Project Account, payable at the offices of the Department of Community and Regional Development, Capital Plaza Tower, Frankfort, Franklin County, Kentucky 40601, the principal amount of four hundred forty-five thousand five hundred sixty-three dollars and sixty-four cents (\$445,563.64), with interest to run thereon at the rate of 5.125% compounded annually from November 1, 1981, to be paid in annual installment payments in the amount of twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86), for thirty years, with the annual installment payments first applied to interest and the balance to principal, the first annual installment payment in the amount of twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86), due and payable on the first day of November, 1982 and the remaining annual installment payments of twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86), for each subsequent year during the life of the loan being due and payable on the first day of November thereafter for thirty years, the final payment of interest and principal due and payable on the first day

payments in the amount of two thousand fifty-seven dollars and ninety-three cents (\$2,057.93), due and payable respectively on the first day of November and December, 1981 and the remaining November and December escrow installment payments of two thousand fifty-seven dollars and ninety-three cents for each subsequent year during the life of the loan being due and payable respectively on the first day of November and December thereafter for thirty years; third, fourth, fifth, and sixth monthly escrow installment payments in the amount of four thousand two hundred sixty-two dollars and eighty-three cents (\$4,262.83) due and payable respectively on the first day of January, February, March, and April, 1982, and the remaining January, February, March, and April escrow installment payments of four thousand two hundred sixty-two dollars and eighty-three cents (\$4,262.83), for each subsequent year during the life of the loan being due and payable on the first day of January, February, March, and April thereafter for thirty years; seventh and eighth monthly escrow installment payments in the amount of two thousand fifty-seven dollars and ninety-two cents (\$2,057.92), due and payable respectively on the first day of May and June 1982, and the remaining May and June escrow installment payments of two thousand fifty-seven dollars and ninety-two cents (\$2,057.92), for each subsequent year during the life of the loan being due and payable on the first day of May and June, thereafter for thirty years; the ninth, tenth, eleventh, and twelfth monthly escrow installment payments in the amount of one thousand twenty-eight dollars and ninety-six cents (\$1,028.96), due and payable respectively on the first day of July, August, September, and October, 1982, and the remaining July, August, September, and October installment payments of one thousand twenty-eight dollars and ninety-six cents (\$1,028.96), for each subsequent year during the life of the loan being due and payable respectively on the first day of July, August,

escrow installment payments, accumulating twenty-nine thousand three hundred ninety-eight dollars and eighty-six cents (\$29,398.86), shall be applied by the Commonwealth to the Maker's annual payment of interest and principal on the first day of November for each year during the life of the loan as hereinbefore stated.

This note is the note referred to and secured by a Security Agreement and Mortgage of even date herewith on real and personal property comprising all the assets of AUXIER ROAD GAS COMPANY, INC., as described in said mortgage of record in the office of the clerk of the county court of Floyd County, Kentucky, and the terms of said mortgage are hereby made a part hereof and included herein by reference as if set out in full, the same being adopted, ratified and confirmed as if set out anew herein.

If the AUXIER ROAD GAS COMPANY, INC., shall fail to pay any installment when first due and payable, or breach any of the terms and conditions of this note and or the Security Agreement and Mortgage securing the repayment of the same, all of said terms and conditions being considered material to this transaction the breach of which shall constitute default, the holder or holders of this note may declare all the remaining installments fully due and payable at once without notice of demand, the same as if said remaining installments were then fully due and payable, the time for payment having been accelerated at the option of the holder or holders of this note by reason of said default, and the holder or holders of this note may proceed to enforce their rights under the terms and conditions of this note and the Security Agreement and Mortgage which secures the repayment of the same by initiating foreclosure proceedings as provided by said terms or as provided by law. at the option of the aforesaid holder or holders

breach or default subsequently occurring.

The undersigned, drawers and endorsers, severally waive presentment for payment, protest, demand and notice of protest, dishonor or nonpayment.

IN TESTIMONY WHEREOF, witness the hand of the duly authorized agent, officer and representative of the AUXIER ROAD GAS COMPANY, INC., on behalf of said corporation:

AUXIER ROAD GAS COMPANY, INC.

By: Estill B. Branham  
Estill Branham, President

STATE OF KENTUCKY

COUNTY OF FLOYD

Before me, David L. Allen, a notary public in and for the state and county aforesaid this day personally appeared Estill Branham, President of Auxier Road Gas Company, Inc., a Kentucky corporation, who is known to me to be the President of AUXIER ROAD GAS COMPANY, INC., a Kentucky corporation and acknowledged that he, as the duly authorized representative and agent of the aforesaid corporation, having been authorized by resolution of the corporation's Board of Directors, executed the foregoing PROMISSORY NOTE, on behalf of the aforesaid corporation, and said note was executed as and is the free and voluntary act and deed of AUXIER ROAD GAS, INC., for the uses and purposes set forth therein this 27th day of October, 1981.

David L. Allen  
Notary Public, State of Kentucky  
At-Large

My Commission expires: 1-15-84

This instrument prepared by:

Jeffrey L. Hobart  
Jeffrey L. Hobart  
Legal Counsel  
Commerce Cabinet  
24th Floor, Capital Plaza Tower  
Frankfort, Kentucky 40601  
(502) 564-7670

III. Other Information

4.b) Were all revenues and expenses listed in the Annual Report for **2007** incurred and collected from January 1 to December 31 of that year?

Response: All except for the natural gas purchases from Chesapeake Energy.

Chesapeake failed to bill Auxier on one of two meters for (15) months. See the attached schedule. Auxier recorded the entire amount of \$45,781.83 in 2007 of which \$26,609.92 was incurred in the year 2006.

Production Date	DTH Invoiced	Rate	\$	SMS Volume	Difference	Rate	\$
Feb. 06	609	9.37	\$5,706.33	1208	599	9.37	\$5,612.63
March 06	425	8.1	\$3,442.50	850	425	8.1	\$3,442.50
April 06	245	8.27	\$2,026.15	485	240	8.27	\$1,984.80
May 06	100	8.17	\$817.00	200	100	8.17	\$817.00
June 06	160	6.81	\$1,089.60	315	155	6.81	\$1,055.55
July 06	315	6.71	\$2,113.65	20	-295	6.71	-\$1,979.45
Sept. 06	45	7.89	\$355.05	77	32	7.89	\$252.48
Oct. 06	163	4.99	\$813.37	319	156	4.99	\$778.44
Nov. 06	767	8.04	\$6,166.68	1241	474	8.04	\$3,810.96
Dec. 06	1203	9.19	\$11,055.57	2382	1179	9.19	\$10,835.01
Jan. 07	1757	6.67	\$11,719.19	3483	1726	6.67	\$11,512.42
Feb. 07	1844	7.72	\$14,235.68	2872	1028	7.72	\$7,936.16
Mar. 07	109	8.41	\$916.69	218	109	8.41	\$916.69
							<u>\$46,975.19</u>
April 07	-981	8.58	-\$8,416.98	241	-740	8.58	-\$6,349.20
May 07	608	8.48	\$5,155.84				<u>\$5,155.84</u>

Amount owed CHK through 5/07

**\$45,781.83**

4/14/08 Pd  
*and*

5,100.00  
 40,781.83

III. Other Information

5. Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2007 and the amount shown on this schedule.

Response: See attached schedule.

# Auxier ROAD GAS CO

Prepared By: \_\_\_\_\_  
 Approved By: \_\_\_\_\_

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		Date	COST/ BASIS	ACC Depr 2004	Depr Exp 2005	ACC Depr 2005
		Acquired Life				
1	Laser Jet Printer	12/31/93 5	707.00	707.00	-	707.00
2	AL mains Cip Reloc	8/31/91 31.5	4042.00	1712.00	128.00	1840.00
3	Meter House	5/1/72 25	3078.00	3078.00	-	3078.00
4	Mains	7/1/79 14	2784.50	2784.50	-	2784.50
5	Mains	7/1/80 14	992.00	992.00	-	992.00
6	System Restoration	7/1/82 33	310381.20	226339.20	9405.00	235744.20
7	Mains	1/1/82 33	4802.00	3353.00	146.00	3499.00
8	Services	1/1/77 20	8084.00	8084.00	-	8084.00
9	Mains - Cliff Ky WUA	1/2/84 33	50600.00	32037.00	1533.00	33570.00
10	Services	7/1/79 14	443.00	443.00	-	443.00
11	Services	12/1/83 33	2895.00	1845.00	88.00	1933.00
12	Services	9/1/83 33	421.00	267.00	13.00	280.00
13	Structures	7/1/78 20	<del>522.00</del> 522.00	5944.00	-	5944.00
14	River Crossing	12/1/87 33	11686.00	6048.00	354.00	6402.00
15	Meter House	8/1/87 25	2635.00	1829.00	105.00	1934.00
16	Regulators	9/15/87 20	2057.50	1759.00	103.00	1862.00
17	Meters	7/8/87 20	548.50	443.00	27.00	470.00
18	TOOLS	2/18/88 7	513.00	513.00	-	513.00
19	Mains	5/1/88 40	6048.00	2773.00	151.00	2924.00
20	Meters	9/12/88 20	1322.00	1078.00	66.00	1144.00
21	RADIO	3/1/88 7	1004.00	1004.00	-	1004.00
22	Furniture	6/9/89 10	2000.00	2000.00	-	2000.00
23	Meter Supplies	6/8/89 20	1388.50	1053.50	69.00	1122.50
24	Furniture	8/9/89 10	892.00	892.00	-	892.00
25	EQUIPMENT	8/9/91 7	424.00	424.00	-	424.00
26	Mains	6/30/91 30	1246.00	567.00	42.00	609.00
27	Mains	6/30/92 14	10508.00	9387.00	751.00	10138.00
28	1993 mains	6/30/93 15	3736.00	2864.00	249.00	3113.00
29	The Alexander Co	3/10/94 15	2077.00	1526.54	123.00	1649.54
30	Cannon Copier	4/30/94 7	3542.52	3542.52	-	3542.52
31	Meters	10/31/94 15	113.14	86.00	7.00	93.00
32	Mains	10/13/94 15	1664.36	1220.00	98.00	1318.00
33	Mains	12/9/94 15	749.85	550.00	44.00	594.00
34	Mains	12/31/94 15	500.11	371.00	30.00	401.00
35	CIP 1995 Abbott Line	8/31/95 20	41270.18	21935.69	1841.00	23776.69
36	PIPE	1/31/95 15	16776.7	1132.66	99.00	12316.6
37	Highlands Comm-Radios	2/28/95 5	105788	105788	-	105788
38	EQUIPMENT-generator	3/31/95 5	811.26	811.26	-	811.26
39	Compaq Presario-Computer	8/31/95 5	2120.52	2120.52	-	2120.52
40			497043.69	354574.27	11572.00	370046.27

# BOOK Depreciation

Depr Exp 2006	ACC Depr 2006	Depr Exp 2007	ACC Depr 2007
-	70700	-	70700
12800	196800	12800	209600
+	307800	+	307800
-	278450	-	278450
-	99200	-	99200
940500	24514920	940500	25455420
14600	364500	14600	379100
+	808400	+	808400
153300	3510300	153300	3663600
+	44300	+	44300
8800	202100	8800	210900
1300	29300	1300	30600
+	594400	+	594400
35400	675600	35400	711000
10500	203900	10500	214400
10300	196500	9250	205750
2700	49700	5150	54850
+	51300	+	51300
15100	307500	15100	322600
6600	121000	6600	127600
+	100400	+	100400
-	200000	-	200000
6900	119150	6900	126050
+	89200	+	89200
-	42400	-	42400
4200	65100	4200	69300
37000	1050800	-	1050800
24900	336200	24900	361100
12300	177254	12300	189554
-	354252	-	354252
700	10000	700	10700
9800	141600	9800	151400
4400	63800	4400	68200
3000	43100	3000	46100
184100	2561769	184100	2745869
9900	133066	9900	142966
-	105788	-	105788
-	81126	+	81126
-	212052	-	212052
1509100	38513727	1473500	39987227

Prepared By	
Approved By	

		Date	Cost/	Acc Depr	Dep Exp	Acc Depr
		Acquired	Basis	2004	2005	2005
1	Improvements DBHY	11/16/95 7	42660	42660	-	42660
2	Furniture-Lobby TABLE DBHY	11/21/95 7	39920	39920	-	39920
3	Phone DBHY	11/30/95 5	20790	20790	-	20790
4	Meter DBHY	12/10/95 15	9801	6617	579	7196
5	Fully Depreciated Assets	Various	13142000	12658200	-	12658200
6	PIPE SL	11/15/96 40	325658	72930	8141	81071
7	PIPE SL	3/15/96 40	579865	127452	14497	141949
8	Meter Bld (Abbott) SL	1/1/96 35	100000	25713	2857	28570
9	Furniture SL	9/20/96 7	40704	40704	-	40704
10	Phone SL	10/28/96 5	15499	15499	-	15499
11	Equipment Trailer	3/4/97 7	570500	570500	-	570500
12	Mains 1996 Abbott Line SL	1/1/97 40	959088	191816	23977	215793
13	Grinder Pump - new add DBHY	3/25/97 7	113481	113481	-	113481
14	Improve - floor covering DBHY	5/13/97 7	27175	27175	-	27175
15	Vehicles - Transmission DBHY	5/28/97 5	61300	61300	-	61300
16	Improvement - carpet DBHY	5/13/97 7	28400	28400	-	28400
17	Utility Trailer DBHY	6/6/97 7	60000	60000	-	60000
18	Equipment - Generator DBHY	5/6/97 7	78175	78175	-	78175
19	Improvement - install of DBHY	4/9/97 7	76500	76500	-	76500
20	4'x8' Trailer DBHY	6/30/97 7	47700	47700	-	47700
21	Improvement - telephones DBHY	7/19/97 5	83079	83079	-	83079
22	Improvement - telephone DBHY	8/1/97 5	11605	11605	-	11605
23	Office Furniture - new DBHY	6/16/97 7	290576	290576	-	290576
24	mains - Abbott SL	1/1/97 40	281224	56248	7031	63279
25	Pipe Drain DBHY	1/31/97 7	21381	21381	-	21381
26	Improve - material for DBHY	3/3/97 7	61478	61478	-	61478
27	Improve - material for DBHY	4/23/97 7	2195	2195	-	2195
28	Improve - " DBHY	5/20/97 7	1092	1092	-	1092
29	Improve - state electric DBHY	5/28/97 7	5426	5426	-	5426
30	Improve - Bathroom DBHY	6/1/97 7	50562	50562	-	50562
31	AXD-G-720 Dryer	5/25/97 7	38250	38250	-	38250
32	Improve - wallpaper DBHY	5/5/97 7	137737	137737	-	137737
33	Carbon monoxide detector	12/18/97 5	52470	52470	-	52470
34	Heater	12/1/97 5	26092	26092	-	26092
35	Lawn mower	4/9/98 5	35243	35243	-	35243
36	Relocation - Brown Rv SL	11/30/98 40	666619	116655	16665	173320
37	PIPE SL	8/31/98 40	5182	910	130	1040
38	PIPE SL	10/31/98 40	700031	122507	17501	140008
39	Overhaul 1991 Chevy Tr DBHY	12/1/98 5	81895	81895	-	81895
40			68595722	50958360	1638578	52596938

Depr Exp 2006	Acc Depr 2006	Depr Exp 2007	Acc Depr 2007				
-	42660	-	42660				
-	39920	-	39920				
-	20790	-	20790				
578	7774	579	8353				
-	12658200	-	12658200				
8141	89212	8141	97353				
14497	156446	14497	170943				
2857	31427	2857	34284				
-	40704	-	40704				
-	15499	-	15499				
-	570500	-	570500				
23977	239770	23977	263747				
-	113481	-	113481				
-	27175	-	27175				
-	61300	-	61300				
-	28400	-	28400				
-	60000	-	60000				
-	78175	-	78175				
-	76500	-	76500				
-	47700	-	47700				
-	83079	-	83079				
-	11605	-	11605				
-	290576	-	290576				
7031	70310	7031	77341				
-	21381	-	21381				
-	61478	-	61478				
-	2195	-	2195				
-	1092	-	1092				
-	5426	-	5426				
-	50562	-	50562				
-	38250	-	38250				
-	137737	-	137737				
-	52470	-	52470				
-	26092	-	26092				
-	35243	-	35243				
16665	149985	16665	166650				
130	1170	130	1300				
17501	157509	17501	175010				
-	81895	-	81895				
1600477	54197415	1564878	55762293				

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# SXIER ROAD GAS CO

Prepared by: \_\_\_\_\_  
 Approved by: \_\_\_\_\_

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		Date	COST	Acc Depr	Depr Exp	Acc Depr
		Acquired	BASIS	2004	2005	2005
		Life				
1	Pipe	SL 1/26/99 40	44520	6678	1113	7791
2	Pipe Drain	DB 2/25/99 7	31571	23744	2819	26563
3	METER HOUSE DOOR-HRMC	DB 3/11/99 7	20021	15058	1788	16846
4	Furniture	DB 5/20/99 7	70000	52647	6251	58898
5	Pump	DB 6/4/99 7	67560	50811	6033	56844
6	Paint work on Chev U	DB 7/29/99 7	60000	45126	5358	50484
7	Sign	DB 1/19/99 5	167870	167870	-	167870
8	Furniture	SL 3/16/00 7	30738	21955	4391	26346
9	Weed Eater	SL 3/18/00 5	13279	13279	-	13279
10	Fusion Heater	SL 10/6/00 7	51410	36720	7344	44064
11	2001 Chev siluevado	SL 12/12/00 5	1790186	1790186	-	1790186
12	3P Backhoe	SL 1/12/00 7	3964607	2831860	-	2831860
13	Lawn Mower	SL 4/24/00 5	32846	32846	-	32846
14	Pipe	SL 1/15/01 40	124475	12448	3112	15560
15	Pipe	SL 1/15/01 40	914823	91484	22871	114355
16	Flagpole	SL 9/27/01 7	108002	61716	15429	77145
17	1998 Chev s10	SL 7/24/01 5	800000	640000	160000	800000
18	Equipment Tr Co- Backhoe	SL 3/21/01 7	530000	302856	75714	378570
19	Pipe	SL 5/11/01 40	320968	32096	8024	40120
20	1995 Ford Dump Truck	SL 7/21/01 7	2050000	1171428	292857	1464285
21	Skid steer	SL 10/22/01 7	2781000	1589144	397286	1986430
22	Pipe	SL 7/13/01 40	36040	3604	901	4505
23	Pipe	SL 8/16/02 40	88616	6645	2215	8860
24	Pipe	SL 8/16/02 40	31800	2385	795	3180
25	Office Furniture	SL 11/25/02 7	47500	20758	6786	27144
26	Pipe Jane Broken Br	SL 1/15/02 40	60000	4500	1500	6000
27	US Prison	SL 6/30/02 40	19347204	1451040	483680	1934720
28	Pipe	SL 1/8/03 40	147552	7378	3689	11067
29	T-18 #502 modle	SL 12/11/03 20	247309	24730	12365	37095
30	Repaired tone cond	SL 12/11/03 20	136134	13614	6807	20421
31	EQumeter Gas Reg	SL 12/22/03 20	120183	12018	6009	18027
32	EQumeter Gas Reg	SL 12/22/03 20	374723	37472	18736	56208
33	Pipe	SL 6/30/03 40	101442	5072	2536	7608
34	Pipe	SL 11/21/03 40	101669	5084	2542	7626
35	Pipe	SL 12/29/03 40	648720	32436	16218	48654
36	Typewriter	SL 5/6/03 5	44944	17978	8989	26967
37	Copier	SL 5/28/03 5	264923	105970	52985	158955
38	Regulators	SL 12/11/03 20	187775	18778	9389	28167
39	Typewriter	SL 1/15/04 5	48543	9709	9709	19418
40			104604620	61727083	3294819	65021902

# BOOK DEPRECIATION

Depr exp 2006	Acc Depr 2006	Depr exp 2007	Acc Depr 2007				
1113	8904	1113	10017				
5008	31571	-	31571				
3175	20021	-	20021				
11102	70000	-	70000				
10716	67560	-	67560				
9516	60000	-	60000				
-	167870	-	167870				
2745	29091	1647	30738				
-	13279	-	13279				
7346	51410	-	51410				
-	1790186	-	1790186		-		
trad-e-in							
-	32846	-	32846				
3112	18672	3112	21784				
22871	137226	22871	160097				
15429	72574	15428	108002				
-	800000	-	800000		-		
75714	454284	75716	530000				
8024	48144	8024	56168				
292857	1757142	-	1757142		-	SOLD MAY 2007	
397286	2383716	397284	2781000				
901	5406	901	6307				
2215	11075	2215	13290				
795	3975	795	4770				
6786	33930	6786	40716				
1500	7500	1500	9000				
483680	2918400	483680	2902080				
3689	14756	3689	18445				
12365	49460	12365	61825				
6807	27228	6807	34035				
6009	24036	6009	30045				
18736	74944	18736	93680				
2536	10144	2536	12680				
2542	10168	2542	12710				
16218	64872	16218	81090				
8989	35956	8988	44944				
52985	211940	52983	264923				
9389	37556	9389	46945				
9709	29127	9709	38836				
3112342	65302384	2735921	68078305				

# Miller ROAD Gas Co

Prepared By	
Approved By	
Date	

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		Date		COST /	Accum Depr	Depr Exp	ACC Depr
		Acquired	Life	BASIS	2004	2005	2005
1	Red Chevy Truck	SL	1/23/04	5	2821879	564376	564376
2	Generator	SL	2/25/04	7	219950	31421	62842
3	Meters	SL	3/10/04	20	1386586	69329	138658
4	BOBCAT Trailer	SL	3/25/04	7	253100	36157	72314
5	Compressor	SL	10/25/04	7	1179300	168471	336942
6	Furniture - Computer desk	SL	12/19/04	7	84300	12043	24086
7	Ford Ranger - silver	SL	12/11/04	5	1200606	240121	480242
8	Computer	SL	2/27/04	5	85857	17171	34342
9							
10					1118361.70	628661.72	3869532
11					4	4	4
12	Removal of Red Chevy Truck				(2821879)	(564376)	(564376)
13							
14	White Chevy truck	SL	3/26/05	5	2718999		543799
15	2006 H3 Hummer	SL	8/26/05	5	3513900		702780
16	JD 3105 Backhoe	SL	7/19/05	7	5160244		737178
17	JD Backhoe				(3961604)	(2831860)	(2831860)
18	Security fence	SL	2/14/05	7	302468		43210
19	PIPE	SL	4/14/05	40	86920		2173
20	Fence	SL	4/15/05	7	265231		37891
21	Improvements - remodeling	SL	8/6/05	7	189936		26277
22	Improvements - AB exterior	SL	8/26/05	7	799029		114147
23	TABLE	SL	2/10/05	7	17900		2557
24	Air Heating unit	SL	10/3/05	7	320000		45714
25	PIPE	SL	12/15/05	40	107060		2676
26	Meters	SL	11/21/05	20	1297400		64870
27	GATE on fence	SL	10/13/05	7	395700		55714
28	Meters	SL	12/21/05	20	77520		3876
29	Improve - remodeling	SL	8/20/05	7	341500		48786
30							
31							
32					1206317.70	594699.36	63011.80
33					4	4	4
34					4	4	4
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# BOOK Depreciation

Dep Exp 2006	Acc Dep 2006	Dep Exp 2007	Acc Dep 2007
DISPOSAL OF TRUCK	564376 h		
31421	94263 h	31421 h	125684 h
19329	207987 h	69329 h	277316 h
26157	108771 h	36157 h	144628 h
168471	505413 h	168471 h	673884 h
12043	261129 h	12043 h	48172 h
240121	720363 h	240121 h	960484 h
17171	51513 h	17171 h	68684 h
3687055	67590899		
h	h		
	(564376)		
543799	1087598 h	543799 h	1631397 h
702780	1405560 h	702780 h	2108340 h
737178	1474356 h	737178 h	2211534 h
Added up on new schedule			
43210	86420 h	43210 h	129630 h
2173	4346 h	2173 h	6519 h
37891	75782 h	37891 h	113673 h
26277	52554 h	26277 h	78831 h
114147	228294 h	114147 h	342441 h
2557	5114 h	2557 h	7671 h
45714	91428 h	45714 h	137142 h
2676	5352 h	2676 h	8028 h
64870	129740 h	64870 h	194610 h
55714	111428 h	55714 h	167142 h
3876	7752 h	3876 h	11628 h
48786	97572 h	48786 h	146358 h
6118703	71889819	5742282	77632101
h	h	h	h

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			Date	COST/ ACQUIRED LIFE BASIS	Accum Dep 2007	Dep Exp 2005	Acc Dep 2005	
1	Meters	SL	2/8/06	20	27916			
2	Dell Computer	SL	1/31/06	5	119140			
3	John Deere Mower	SL	12/20/06	5	7630.94			
4	Gate opener	SL	2/06/06	5	3200.00			
5	Fusion machine	SL	1/12/06	5	979.44			
6	Pipe	SL	6/28/06	40	779.10			
7	Meters	SL	12/30/06	20	3392.00			
8								
9								
10	<u>Total for 2006</u>				<u>1224369.60</u>	<u>594699.36</u>	<u>6301180</u>	<u>6577111.16</u>
11				h	h	h	h	
12								
13	Removal of 1995 Ford Dump truck				(205000)			
14								
15								
16	06 Ford F750 Dump Tr	SL	3/1/07	7	42219.00			
17	Bed for Dump tr	SL	5/1/07	7	10048.80			
18	Computer Desk	SL	8/10/07	7	550.00			
19	Computer	SL	5/1/07	5	500.00			
20	2007 Ford Explorer	SL	5/1/07	5	35068.22			
21								
22	Removal of 07 Ford Explorer				(35068.22)			
23								
24								
25					<u>1257187.40</u>	<u>594699.36</u>	<u>6301180</u>	<u>6577111.6</u>
26				h	h	h	h	
27								
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# BOOK Depreciation

Dep. Exp 2006	Acc Dep 2006	Dep. Exp 2007	Acc Dep 2007					
1396	1396	1396	2792	h				
35828	35828	35828	71656	h				
152619	152619	152619	305238	h				
64000	64000	64000	128000	h				
19589	19589	19589	39178	h				
1948	1948	1948	3896	h				
16960	16960	16960	33920	h				
<u>6411043</u>	<u>72182159</u>	<u>6031622</u>	<u>78216781</u>					
↳	↳	↳	↳					
	(1757142)		(1757142)					
		603129	603129	h				
		143554	143554	h				
		7857	7857	h				
		10000	10000	h				
<u>6411043</u>	<u>70725017</u>	<u>6799162</u>	<u>77224179</u>					
↳	↳	↳	↳					

III. Other Information

6.b. Please state the reason or reasons why a rate adjustment is requested.

Response: Please refer to response to III. Other Information a. 1).

IV. Billing Analysis and Revenue Table

Response: See Attached.

**AUXIER ROAD GAS CO., INC.**  
**1ST QTR 2007**

**USAGE SCHEDULE**

	<u>BILLS</u>	<u>0 MCF</u>	<u>1 MCF</u>	<u>ALL OVER</u>
1st MCF	1473	89	53	
ALL OVER	1331		1420	39881

TOTAL MCF SOLD FOR 1ST QTR = 41,354 + 89 (0 USAGE BILLS) = 41,443

**REVENUE SCHEDULE**

	<u>USAGE</u>	<u>RATE</u>		<u>REVENUE</u>
0 MCF	89	14.1297	=	1,257.54
1 MCF	53	14.1297	=	748.87
1ST MCF	1420	14.1297	=	20,064.17
ALL OVER	<u>39881</u>	13.2796	=	<u>529,603.73</u>
	41443			<b>\$551,674.31</b>

**AUXIER ROAD GAS CO., INC.**  
**2ND QTR 2007**

**USAGE SCHEDULE**

	<u>BILLS</u>	<u>0 MCF</u>	<u>1 MCF</u>	<u>ALL OVER</u>
1st MCF	1446	418	276	
ALL OVER	752		1170	15809

TOTAL MCF SOLD FOR 1ST QTR = 17,255 + 418 (0 USAGE BILLS) = 17,673

**REVENUE SCHEDULE**

	<u>USAGE</u>	<u>RATE</u>		<u>REVENUE</u>
0 MCF	418	11.6062	=	4,851.39
1 MCF	276	11.6062	=	3,203.31
1ST MCF	1170	11.6062	=	13,579.25
ALL OVER	<u>15809</u>	10.7561	=	<u>170,043.18</u>
	17673			<b>\$191,677.13</b>

AUXIER ROAD GAS CO., INC.  
 3RD QTR 2007

USAGE SCHEDULE

	BILLS	0 MCF	1 MCF	ALL OVER
1st MCF	1428	681	337	
ALL OVER	410		1091	8777

TOTAL MCF SOLD FOR 1ST QTR = 10,205 + 681 (0 USAGE BILLS) = 10,886

REVENUE SCHEDULE

	USAGE	RATE		REVENUE
0 MCF	681	12.017	=	8,183.58
1 MCF	337	12.017	=	4,049.73
1ST MCF	1091	12.017	=	13,110.55
ALL OVER	8777	11.1669	=	98,011.88
	10886			<b>\$123,355.74</b>

**AUXIER ROAD GAS CO., INC.**  
**4TH QTR 2007**

**USAGE SCHEDULE**

	<u>BILLS</u>	<u>0 MCF</u>	<u>1 MCF</u>	<u>ALL OVER</u>
1st MCF	1445	184	169	
ALL OVER	1092		1276	25938

TOTAL MCF SOLD FOR 1ST QTR = 27,383 + 184 (0 USAGE BILLS) = 27,567

**REVENUE SCHEDULE**

	<u>USAGE</u>	<u>RATE</u>		<u>REVENUE</u>
0 MCF	184	13.2791	=	2,443.35
1 MCF	169	13.2791	=	2,244.17
1ST MCF	1276	13.2791	=	16,944.13
ALL OVER	<u>25938</u>	12.429	=	<u>322,383.40</u>
	27567			<b>\$344,015.05</b>

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed Sallye Branham  
Title President  
Date 4 / 25 / 08

Auxier Road Gas Company, Inc.

## NOTICE TO CUSTOMERS

The rates contained in this notice are the rates proposed by Auxier Road Gas Co., Inc. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 211 Sower Blvd, P O Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from Auxier Road Gas Co., Inc. at P O Box 785, Prestonsburg, KY 41653. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

	CURRENT	PROPOSED		
	BASE	BASE	PROPOSED	PROPOSED
	<u>RATE</u>	<u>RATE</u>	<u>INCREASE</u>	<u>% INCREASE</u>
1 <sup>st</sup> MCF	5.11	6.36	1.25	24.46%
All over	4.2599	5.5099	1.25	29.34%

ARTICLES OF INCORPORATION

AUXIER ROAD GAS COMPANY, INCORPORATED

ARTICLE I

The name of the corporation shall be AUXIER ROAD GAS COMPANY, INCORPORATED, and its principal office and place of business shall be located at Prestonsburg, Floyd County, Kentucky.

ARTICLE II

The business and purposes for which the corporation is formed are as follows:

To engage in the business of supplying natural gas at retail to consumers, to own, maintain and operate pipe lines for transportation of gas to consumers; to acquire, if necessary, franchise rights from corporate towns, municipal bodies, townships and counties by purchase assignments, or otherwise; to construct pipe lines from gas supply purchase, install, remove, relocate any and all or any part of meters, lines or other equipment used in installing any such gas system or systems from time to time and to do any and all things deemed by its stockholders, directors, officers or agents necessary or convenient, in the promotion of or carrying on of said business.

To purchase or otherwise acquire lands and interest in lands whether leasehold, in fee, or otherwise, situated within or without the State of Kentucky, or elsewhere, and to own, hold, improve, by building or otherwise, and to lease out or otherwise use for income purposes, or to encumber, sell, and dispose of any such real estate or improvements, or any interests therein, or to lease the same whether as landlord or tenant, and to purchase, construct, and otherwise acquire, and to own, maintain, and operate buildings of any character.

late.

ARTICLE III

The duration of this corporation shall be perpetual.

ARTICLE IV

The post office address of the corporation shall be Prestonsburg, Kentucky; and the name of its agent for service of process is Woodrow Branham, Prestonsburg, Kentucky.

ARTICLE V

The amount of the total authorized capital stock of said corporation shall be one thousand (1,000) shares of the par value of One Hundred Dollars (\$100.00) per share.

ARTICLE VI

The minimum amount of capital with which the corporation shall begin business shall be One Thousand Dollars, \$1,000.00.

ARTICLE VII

The names, addresses and number of shares owned by the incorporators herein are as follows:

NAME	ADDRESS	NO OF SHARES
Woodrow Branham	Prestonsburg, Kentucky	10 shares

ARTICLE VIII

The affairs of the corporation shall be conducted by a Board of Directors of not less than three persons elected by the shareholders at their annual meetings; and a president, vice president and secretary-treasurer shall be elected by the Board of Directors. The said officers shall be elected immediately after each annual meeting of the stockholders. The number of officers and the number of directors may be changed.

The annual meeting of the stockholders shall be held on the fourth Saturday in January of each year in the office of the corporation.

The shareholders shall elect a Board of Directors, consisting of at least three persons, at the first meeting, which Board shall immediately thereafter assemble and elect a president, vice president and secretary-treasurer and the affairs of the corporation shall be administered by said officers until the next annual meeting.

ARTICLE IX

The incorporators, shareholders, officers, agents and employees of the corporation shall not be liable for the debts of the corporation except when expressly made liable by law.

WITNESS my signature, this the-----day of March, 1960.

WOODROW BRANHAM  
WOODROW BRANHAM

STATE OF KENTUCKY

///SCT.

COUNTY OF FLOYD

I, BARKLEY J. STURGILL, a Notary Public within and for the County and State aforesaid, do hereby certify that the above and foregoing Articles of Incorporation of AUXIERROAD GAS COMPANY, INCORPORATED, were on this day produced before me in my said County by WOODROW BRANHAM, personally known to me to be the incorporators named in said Articles, and was by him duly acknowledged before me to be his act and deed for all of the purposes therein mentioned.

My commission will expire on the 5 day of June, 1963.

Given under my hand and seal of office, this the 3 day of March, 1960.

BARKLEY STURGILL  
Notary Public

STATE OF KENTUCKY  
COUNTY OF FLOYD

/// CLERK'S CERTIFICATE

I, C. OLLIE ROBINSON, Clerk of the County Court in and for the County and State aforesaid, certify that the foregoing Articles of Incorporation of AUXIER ROAD GAS COMPANY, INCORPORATED, were on the 8 day of December, 1962, lodged in my office for record, whereupon the same were duly recorded in my said office.

Witness my hand, this the 10 day of December, 1962

C. OLLIE ROBINSON, CLERK

BY: *Jan Gilliam* D. C.

ORIGINAL COPY  
FILED AND RECORDED

HENRY H. CARTER  
MAR 7 1960  
SECRETARY OF STATE OF KENTUCKY,  
FRANKFORT, KENTUCKY

BY: HENRY H. CARTER  
Assistant Secretary of State