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Kimberly R. Crisp
Auxier Road Gas Company, Inc.
P. O. Box 785
Prestonsburg, KY 41653

September 16, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00361
Auxier Road Gas Company, Inc.

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on September 16, 2008.

Executive Director

SS/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ADJUSTMENT OF RATES)	
OF AUXIER ROAD GAS)	CASE NO. 2008-00361
COMPANY, INC.)	

ORDER

On April 10, 1991, in Case Nos. 10288-D and 10288-E,¹ the Commission approved the Gas Cost Adjustment ("GCA") clause of Auxier Road Gas Company, Inc. ("Auxier") allowing for the quarterly adjustment of its rates.

On September 2, 2008, Auxier filed its proposed GCA to be effective October 1, 2008. The GCA clause in Auxier's tariff states that it shall file a gas cost recovery rate with the Commission at least 30 days prior to the first day of each calendar quarter. Since Auxier only gave the Commission 29 days' notice, its effective date will have to be October 2, 2008, rather than the requested October 1, 2008 effective date, in order to comply with the tariff provision.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Auxier's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Auxier's notice sets out an Expected Gas Cost ("EGC") of \$12.7483 per

¹ Case Nos. 10288-D and 10288-E, Notice of Purchased Gas Adjustment Filing of Auxier Road Gas Company, Inc.

Mcf, which is a decrease of \$2.1182 per Mcf from its prior EGC of \$14.8665.

3. Auxier's notice sets out no current Refund Adjustment.

4. Auxier's notice sets out a current quarter Actual Adjustment ("AA") of (\$.3138) per Mcf. Auxier's notice sets out a total AA of (\$.7991) per Mcf. Auxier did not include a prior quarter AA in its total.² Correcting for this produces a total AA of (\$1.4779) per Mcf, which is a decrease of \$.3138 per Mcf from its previous total AA.

5. Auxier's notice sets out a current quarter Balance Adjustment ("BA") of (\$.018) per Mcf. Auxier's notice sets out a total BA of (\$.0002) per Mcf, which is an increase of \$.007 per Mcf from its previous total BA.

6. Auxier's Gas Cost Recovery Rate is \$11.2702 per Mcf, which is a decrease of \$2.4250 per Mcf from its previous rate of \$13.6952.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Auxier on and after October 2, 2008.

IT IS THEREFORE ORDERED that:

1. Auxier's proposed rates are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 2, 2008.

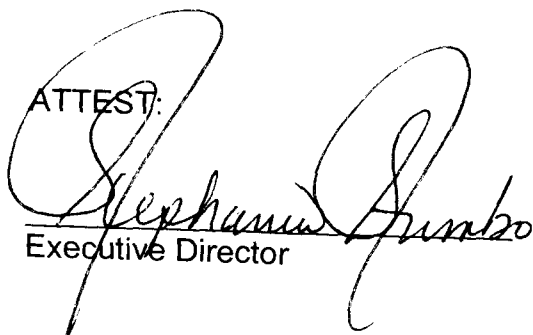
3. Within 20 days of the date of this Order, Auxier shall file with this Commission its revised tariff sheets setting out the rates approved herein.

² Case No. 2008-00053, The Adjustment of Rates of Auxier Road Gas Company, Inc., Order dated February 29, 2008.

Done at Frankfort, Kentucky, this 16th day of September, 2008.

By the Commission

ATTEST:


Executive Director

Case No. 2008-00361

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00361 DATED SEPTEMBER 16, 2008

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$ 5.11	\$11.2702	\$16.3802
All Over 1 Mcf	\$ 4.2599	\$11.2702	\$15.5301