

# Auxier Road Gas Company, Inc.

Box 7498  
Prestonsburg, Kentucky 41653

Office (606) 886-2314  
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JUNE 25, 2010

Jeff Derouen  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602

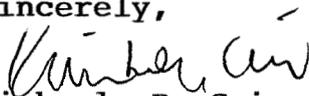
RECEIVED  
JUN 30 2010  
PUBLIC SERVICE  
COMMISSION

RE: GAS COST RECOVERY

2010-00260

Please find enclosed the gas cost recovery for August 1, 2010.  
If you have any questions, please call us at the above number.

Sincerely,

  
Kimberly R. Crisp  
Accountant

Auxiliary Road Gas

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

June 25, 2010

Date Rates to be Effective:

August 1, 2010

Reporting Period is Calendar Quarter Ended:

May 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.3924
Refund Adjustment (RA)	\$/Mcf	
Actual Adjustment (AA)	\$/Mcf	(.5902)
Balance Adjustment (BA)	\$/Mcf	.1227
<u>Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>6.9249</u>

to be effective for service rendered from Aug 1, 2010 to Aug 31, 2010.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
12 Months Expected Gas Cost (Schedule II)	\$	769155
Gas for the 12 months ended <u>May 31, 2010</u>	Mcf	104047
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>7.3924</u>

REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	(.045) (.10072)
Previous Quarter Supplier Refund Adjustment	\$/Mcf	(.2042) .015
and Previous Quarter Supplier Refund Adjustment	\$/Mcf	(.1776) (.0993)
and Previous Quarter Supplier Refund Adjustment	\$/Mcf	.0826 (.0965)
and Adjustment (RA)	\$/Mcf	.0525 .0012
	\$/Mcf	(.0685)
	\$/Mcf	.0503
	\$/Mcf	<u>(.5902)</u>

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	
Previous Quarter Reported Actual Adjustment	\$/Mcf	
and Previous Quarter Reported Actual Adjustment	\$/Mcf	
and Previous Quarter Reported Actual Adjustment	\$/Mcf	
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u></u>

BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
Previous Quarter Reported Balance Adjustment	\$/Mcf	.0015
and Previous Quarter Reported Balance Adjustment	\$/Mcf	.1156
and Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0012)
<u>Balance Adjustment (BA)</u>	\$/Mcf	<u>.1227</u>

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended May 31, 2010

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation New Energy			87000	7.41	644670
AEI-Kaars Drilling			4364	3.10	13528
Chesapeake Energy			3324	7.82	25994
Norris Exploration			9497	4.38	41597
Chesapeake (Under Billed)			5545	7.82	43362
			<u>109730</u>		<u>769151</u>

Loss for 12 months ended May 31, 2010 is 2.6% based on purchases of 106790 Mcf and sales of 104077 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	769151
Total of Purchases (4)	Mcf	106790
Average Expected Cost Per Mcf Purchased	\$/Mcf	7.2025
Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	106790
Total Expected Gas Cost (to Schedule IA.)	\$	769155

Adjusted pursuant to Gas Cost Adjustment Clause and explained herein.  
Supplier's tariff sheets or notices are attached.

Note: Excluded in Purchases is 2940 mcf's that was due to a sine break by county.

619109 - 1470  
8114109 - 1470  
2940

SCHEDULE IV  
ACTUAL ADJUSTMENT

for the 3 month period ended May 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (May)</u>	<u>Month 2 ( )</u>	<u>Month 3 ( )</u>
Total Supply Volumes Purchased	Mcf	4820		
Total Cost of Volumes Purchased	\$	26703		
Total Sales (may not be less than 95% of supply volumes)	Mcf	4579		
<u>Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>5.8316</u>		
<u>EGC in effect for month</u>	<u>\$/Mcf</u>	<u>6.8527</u>		
Difference [(Over-)/Under-Recovery]	<u>\$/Mcf</u>	<u>(1.0211)</u>		
<u>Actual sales during month</u>	<u>Mcf</u>	<u>4551</u>		
Monthly cost difference	\$	(4647)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(4647)
<u>Sales for 12 months ended May 31, 2010.</u>	Mcf	<u>104047</u>
Actual Adjustment for the Reporting Period (to Schedule IC.)	<u>\$/Mcf</u>	<u>(.045)</u>

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended \_\_\_\_\_

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$  \$  \$	_____  _____
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$  \$  \$	_____  _____
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$  \$  \$	_____  _____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended _____	Mcf	_____
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____

	<u>BASE RATE</u>	<u>GAS COST REC</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	6.36	6.9249	13.2849
ALL OVER FIRST MCF	5.0645	6.9249	11.9894

# Constellation NewEnergy - Gas Division

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 426-4500 Fax: (502) 426-8800

Kentucky Frontier Gas  
 606-886-2431  
 606-889-9196

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

Month	(A) NYMEX	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2009 Consumption)</small>	(G) Total Cost Monthly (E+F)
Aug-10	\$5.1330	\$0.6225	0.97938	\$0.2098	\$6.0865	1,572	\$9,567.94

1,572      \$9,567.94

WACOG = \$6.09

7.11  
 7.11