

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

Office (606) 886-2314
Fax (606) 889-9196

November 22, 2010

RECEIVED

NOV 27 2010

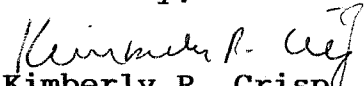
PUBLIC SERVICE
COMMISSION

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

Re: GAS COST RECOVERY

Please find enclosed the gas cost recovery for JANUARY 1, 2011.
If you have any questions, please call us at the above number.

Sincerely,


Kimberly R. Crisp
Accountant

Alexis Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

RECEIVED

NOV 29 2010

PUBLIC SERVICE
COMMISSION

Date Filed:

November 22, 2010

Date Rates to be Effective:

January 1, 2011

Reporting Period is Calendar Quarter Ended:

October 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.9919
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.5677)
+ Balance Adjustment (BA)	\$/Mcf	(.0065)
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>6.4177</u>

to be effective for service rendered from Jan 1, 2011 to Jan 31, 2011.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	719966
Sales for the 12 months ended <u>October 31, 2010</u>	Mcf	102971
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>6.9919</u>

REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
Previous Quarter Supplier Refund Adjustment	\$/Mcf	
Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>Refund Adjustment (RA)</u>	\$/Mcf	<u>_____</u>

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.059) (.045)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(.071) (.2042)
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0350) (.1776)
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0392) .0826
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(.0536) (.0685)</u>
		<u>.0503</u>
		<u>(.5677)</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	
Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>Balance Adjustment (BA)</u>	\$/Mcf	<u>(.0065)</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended October 31, 2010

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation New Energy			89380	6.9767	623577
Qei-Kaaw			4215	3.10	13067
Chesapeake			45	7.82	352
Nuts Exploration			9523	4.38	41711
Chesapeake (underbilled)			5545	7.82	43362
Totals			<u>108708</u>		<u>722069</u>

Line loss for 12 months ended October 31, 2010 is 5.3 % based on purchases of 108708 Mcf and sales of 102971 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	722069
<u>Mcf Purchases (4)</u>	Mcf	<u>108708</u>
Average Expected Cost Per Mcf Purchased	\$/Mcf	6.6423
<u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>108391</u>
Total Expected Gas Cost (to Schedule IA.)	\$	719966

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

*Supplier's tariff sheets or notices are attached.

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended October 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(Oct)</u>	<u>Month 2</u> <u>()</u>	<u>Month 3</u> <u>()</u>
Total Supply Volumes Purchased	Mcf	6109		
Total Cost of Volumes Purchased	\$	31439		
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	5804		
= Unit Cost of Gas	\$/Mcf	5.4168		
- EGC in effect for month	\$/Mcf	6.5068		
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.09)		
x Actual sales during month	Mcf	5609		
= Monthly cost difference	\$	(6114)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(6114)
+ Sales for 12 months ended <u>October 31, 2010</u>	Mcf	102971
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.059)

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	_____

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	<u>BASE RATE</u>	<u>GAS COST RECOVERY</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	6.36	6.4177	\$ 12.7777
ALL OVER FIRST MCF	5.0645	6.4177	\$ 11.4822

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)
Jan-11	\$4.5700	\$0.7500	0.97938	\$0.2098	\$5.6418	20,882	\$117,812.23

20,882 \$117,812.23

WACOG = \$5.64

X1.237

6.9767