

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

Office (606) 889-9196
Fax (606) 889-9995

DECEMBER 17, 2010

RECEIVED

DEC 21 2010

PUBLIC SERVICE
COMMISSION


JEFF DEROUEN, EXE DIR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40602

DEAR SIR:

PLEASE FIND ENCLOSED THE GAS COST RECOVERY TO BE EFFECTIVE
FEBRUARY 1, 2011.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL AT THE ABOVE NUMBER.

SINCERELY,


KIMBERLY R. CRISP,
ACCOUNTANT

Auxier Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

December 17, 2010

Date Rates to be Effective:

February 1, 2011

Reporting Period is Calendar Quarter Ended:

November 30, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.7574
Refund Adjustment (RA)	\$/Mcf	
Actual Adjustment (AA)	\$/Mcf	(.7811)
<u>Balance Adjustment (BA)</u>	\$/Mcf	<u>(.0035)</u>
Gas Cost Recovery Rate (GCR)	\$/Mcf	5.9728

to be effective for service rendered from Feb 1, 2010 to Feb 28, 2010.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	699726
Sales for the 12 months ended <u>November 30, 2010</u>	Mcf	103550
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>6.7574</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	(.1626) (1.0447)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0594) (.2042)
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0714) (.1776)
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0350) .0820
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(.0391) .0525</u>
	\$/Mcf	(.0536) (.0685)
	\$/Mcf	(.7811)

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>(.0035)</u>

SCHEDULE II
 EXPECTED GAS COST

Annual* Mcf Purchases for 12 months ended November 30, 2010

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation New Energy			90126	6.7075	604160
Dei-Kearney			4215	3.10	13067
Chesapeake			45	7.82	352
Wysis Exploration			9531	4.38	41746
Chesapeake (underbilled)			5545	7.82	43362
			<u>109462</u>		<u>702687</u>

Loss for 12 months ended Nov. 30, 2010 is 5.4 % based on purchases of 109462 Mcf and sales of 103550 Mcf.

	Unit	Amount
Expected Cost of Purchases (6)	\$	702687
<u>Purchases (4)</u>	Mcf	<u>109462</u>
Weighted Expected Cost Per Mcf Purchased	\$/Mcf	6.4195
<u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>109000</u>
1. Expected Gas Cost (to Schedule IA.)	\$	699720

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

SCHEDULE IV
ACTUAL ADJUSTMENT

the 3 month period ended November 30, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(Nov)</u>	<u>Month 2</u> <u>()</u>	<u>Month 3</u> <u>()</u>
Total Supply Volumes Purchased	Mcf	10365		
Total Cost of Volumes Purchased	\$	49133		
Total Sales (may not be less than 95% of supply volumes)	Mcf	9917		
<u>Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>4.9544</u>		
<u>EGC in effect for month</u>	<u>\$/Mcf</u>	<u>6.6521</u>		
Difference [(Over-)/Under-Recovery]	<u>\$/Mcf</u>	<u>(1.6977)</u>		
<u>Actual sales during month</u>	<u>Mcf</u>	<u>9917</u>		
Monthly cost difference	\$	(16836)		

	<u>Unit</u>	<u>Amount</u>
total cost difference (Month 1 + Month 2 + Month 3)	\$	(16836)
sales for 12 months ended <u>November 30, 2010.</u>	Mcf	<u>103550</u>
Actual Adjustment for the Reporting Period (to Schedule IC.)	<u>\$/Mcf</u>	<u>(.1626)</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	_____

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	<u>BASE RATE</u>	<u>GAS COST REC</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	6.36	5.9728	12.3328
ALL OVER FIRST MCF	5.0645	5.9728	11.0373

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)
Feb-11	\$4.3300	\$0.7300	0.97938	\$0.2098	\$5.3763	20,904	\$112,386.88

20,904 \$112,386.88

WACOG = \$5.38

Handwritten:
 $\frac{112,386.88}{20,904} = 5.3763$
 5.3763