

Auxier Road Gas Company, Inc.

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JANUARY 25, 2011

RECEIVED

JAN 28 2011

PUBLIC SERVICE
COMMISSION

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

DEAR SIR:

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

IF YOU HAVE ANY QUESTIONS, LET US KNOW.

SINCERELY,


KIMBERLY R. CRISP
ACCOUNTANT

Aurifer Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

January 25, 2011

Date Rates to be Effective:

March 1, 2011

Reporting Period is Calendar Quarter Ended:

December 31, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.3421
Refund Adjustment (RA)	\$/Mcf	
Balance Adjustment (AA)	\$/Mcf	(.7669)
Price Adjustment (BA)	\$/Mcf	(.0035)
<u>Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>6.5717</u>

is effective for service rendered from March 1, 2011 to March 31, 2011.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (Schedule II)	\$	784505
for the 12 months ended <u>December 31, 2010</u>	Mcf	106850
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>7.3421</u>

REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Current Quarter Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
Plus Previous Quarter Supplier Refund Adjustment	\$/Mcf	
Minus Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>Previous Quarter Supplier Refund Adjustment</u>	\$/Mcf	
<u>Refund Adjustment (RA)</u>	\$/Mcf	

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0543) (C.0536)
Plus Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1626) (C.0447)
Minus Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0594) (C.2042)
<u>Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	<u>(.0714) (C.1776)</u>
<u>Balance Adjustment (AA)</u>	\$/Mcf	<u>(.0350) (C.0826)</u>
	\$/Mcf	<u>(.7669)</u>

BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Price Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
Plus Previous Quarter Reported Balance Adjustment	\$/Mcf	
Minus Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>Previous Quarter Reported Balance Adjustment</u>	\$/Mcf	
<u>Price Adjustment (BA)</u>	\$/Mcf	<u>(.0035)</u>

SCHEDULE II
 EXPECTED GAS COST

Annual* Mcf Purchases for 12 months ended December 31, 2010

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			91958	7.4648	686448
Arco-Kaap			4197	3.10	13011
Chesapeake			9	7.82	70
North Exploration			9502	4.38	41619
Chesapeake (underbilled)			5545	7.82	43362
			<u>111211</u>		<u>784510</u>

Loss for 12 months ended Dec. 31, 2010 is 3.9% based on purchases of 111211 Mcf and sales of 106850 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	784510
Total Expected Cost of Purchases (4)	Mcf	111211
Average Expected Cost Per Mcf Purchased	\$/Mcf	7.0542
Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	111211
Total Expected Gas Cost (to Schedule IA.)	\$	784505

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 December 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(Dec)</u>	<u>Month 2</u> <u>()</u>	<u>Month 3</u> <u>()</u>
Total Supply Volumes Purchased	Mcf	18154		
Total Cost of Volumes Purchased	\$	109970		
Total Sales (may not be less than 95% of supply volumes)	Mcf	18293		
<u>Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>6.0116</u>		
<u>EGC in effect for month</u>	<u>\$/Mcf</u>	<u>6.3286</u>		
Difference [(Over-)/Under-Recovery]	<u>\$/Mcf</u>	<u>(.317)</u>		
<u>Actual sales during month</u>	<u>Mcf</u>	<u>18293</u>		
Monthly cost difference	\$	(5797)		

	<u>Unit</u>	<u>Amount</u>
total cost difference (Month 1 + Month 2 + Month 3)	\$	(5797)
sales for 12 months ended <u>December 31, 2010</u>	Mcf	<u>106850</u>
Actual Adjustment for the Reporting Period (to Schedule IC.)	<u>\$/Mcf</u>	<u>(.0543)</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	6.5717	12.9317
ALL OVER FIRST MCF	5.0645	6.5717	11.6362

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)
Mar-11	\$4.9560	\$0.7300	0.97938	\$0.2098	\$6.0155	13,545	\$81,480.13

13,545 \$81,480.13
WACOG = \$6.02

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