

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

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

FEBRUARY 25, 2011

RECEIVED

FEB 28 2011

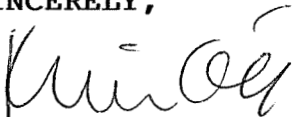
PUBLIC SERVICE
COMMISSION

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 APRIL 1, 2011.
IF YOU HAVE ANY QUESTIONS, LET US KNOW.

SINCERELY,


KIMBERLY R. CRISP
ACCOUNTANT

Amvic Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

February 25, 2011

Date Rates to be Effective:

April 1, 2011

Reporting Period is Calendar Quarter Ended:

January 31, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.2582
Refund Adjustment (RA)	\$/Mcf	
Actual Adjustment (AA)	\$/Mcf	(.9528)
Balance Adjustment (BA)	\$/Mcf	
<u>Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>5.3054</u>

to be effective for service rendered from April 1, 2011 to April 30, 2011.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	664102
sales for the 12 months ended <u>Jan 31, 2011</u>	Mcf	106117
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>6.2582</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	(.1334) (.0392)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0543) (.0536)
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1626) (.0447)
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0594) (.2042)
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(.0714) (.1776)</u>
		(.0350) .0826
		(.9528)

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>_____</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>January 31, 2011</u>					
(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			92368	6.2091	573522
Qui-Kaow			4195	3.10	13005
Chesapeake			2620	6.2412	16352
WTE Exploration			9482	4.38	41531
Chesapeake (underbilled)			5545	6.2412	34607
Totals			<u>114210</u>		<u>679017</u>

The loss for 12 months ended Jan 31, 2011 is 7.1 % based on purchases of 114210 Mcf and sales of 106117 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	679017
<u>Mcf Purchases (4)</u>	Mcf	<u>114210</u>
Average Expected Cost Per Mcf Purchased	\$/Mcf	5.9453
<u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>111702</u>
Total Expected Gas Cost (to Schedule IA.)	\$	664102

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 Jan 31, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> (Jan)	<u>Month 2</u> ()	<u>Month 3</u> ()
Total Supply Volumes Purchased	Mcf	18494		
Total Cost of Volumes Purchased	\$	108534		
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	17569		
= Unit Cost of Gas	\$/Mcf	6.1776		
- EGC in effect for month	\$/Mcf	6.9919		
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.8143)		
: Actual sales during month	Mcf	17383		
: Monthly cost difference	\$	(14155)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(14155)
Sales for 12 months ended <u>Jan 31, 2011</u>	Mcf	106117
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.1334)

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	_____

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)
Apr-11	\$4.2070	\$0.6200	0.97938	\$0.2098	\$5.1384	6,120	\$31,447.18

6,120 \$31,447.18

WACOG = \$5.14

x 1,208

6,2091

CHESAPEAKE APPALACHIA, LLC
 777 N.W. Grand Boulevard
 P. O. Box 18496
 Oklahoma City, OK 73154-0496

DATE: 01/22/10
 BUS. PERIOD: December-10

Email: sbccum@aol.com
 kcrisp@kyfrontiergas.com
 11/20/2009 - Per Kevin Collins (CHK M&R employee) These meters may not always have volumes. They have another tap off of TCO now.

CLIENT NO.: 884266
 CONTRACT NO.: SSE003
 INVOICE NUMBER: SSE0031012
 VOUCHER NUMBER: 01010534
 ARTESIA INVOICE NUMBER: SSE31012

NAME: Auxler Road Gas Company Inc.
 ADDRESS: P.O. Box 785
 CITY: Prestonburg, KY 41653
 ATTN: Estill Branham

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Meter 837016-01 (Martin Co FED Prison) @ TCO Index Plus \$0.66	985.80	\$5.07	\$4,998.01	December-10
Meter 837016-02 (Martin Co FED Prison) @ TCO Index Plus \$0.66	987.46	\$5.07	\$5,057.12	December-10
	1,983.26			

**** INVOICE AMOUNT DUE ****
**** NET AMOUNT DUE ON OR BEFORE**

January 25, 2011

\$10,055.13

Make Check Payable To: **CHESAPEAKE APPALACHIA, LLC**
 Please Remit Check To: **PO BOX 96-0277**
OKLAHOMA CITY, OK 73196-0277

Please Return One Copy Of This Invoice With Your Remittance

Handwritten note: 12/17/09

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

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

	<u>BASE RATE</u>	<u>GAS COST REC</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	6.36	5.3054	11.6654
ALL OVER FIRST MCF	5.0645	5.3054	10.3699