

# Auxier Road Gas Company, Inc.

Box 408  
Prestonsburg, Kentucky 41653

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

MARCH 30, 2011

RECEIVED

APR 01 2011

PUBLIC SERVICE  
COMMISSION

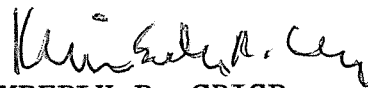
JEFF DEROUEN, EXE DIR  
PUBLIC SERVICE COMMISSION  
P O BOX 615  
FRANKFORT, KY 40602

DEAR SIR:

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

IF YOU HAVE ANY QUESTIONS, LET US KNOW.

SINCERELY,



KIMBERLY R. CRISP  
ACCOUNTANT

Allyria Rd Gas Co

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

March 30, 2011

Date Rates to be Effective:

May 1, 2011

Reporting Period is Calendar Quarter Ended:

February 28, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Page 1

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.7676
Refund Adjustment (RA)	\$/Mcf	
Actual Adjustment (AA)	\$/Mcf	(1.1024)
Balance Adjustment (BA)	\$/Mcf	
<u>Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>5.6652</u>

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

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	700397
sales for the 12 months ended <u>May 28, 2011</u>	Mcf	103493
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>6.7676</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	(0.0670) (0.0714)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.1334) (0.0350)
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0543) (0.0392)
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.1626) (0.0536)
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(0.0594) (0.0447)</u>
		(0.1776)
		(1.1024)

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 February 28, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation New Energy			89765	6.79	609504
ACE - KAAS			4210	3.10	13051
Chesapeake			4562	6.54	29835
Wittor Exploration			8510	4.78	41654
Chesapeake (under Billed)			5545	6.54	36264
Totals			<u>113592</u>		<u>730308</u>

The loss for 12 months ended Feb. 28, 2011 is 8.7 % based on purchases of 113592 Mcf and sales of 103493 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	730308
<u>Mcf Purchases (4)</u>	Mcf	<u>113592</u>
Average Expected Cost Per Mcf Purchased	\$/Mcf	6.4292
<u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>108940</u>
Total Expected Gas Cost (to Schedule IA.)	\$	700797

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

SCHEDULE IV  
ACTUAL ADJUSTMENT

or the 3 month period ended Feb 28, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> (Feb)	<u>Month 2</u> ( )	<u>Month 3</u> ( )
Total Supply Volumes Purchased	Mcf	16030		
Total Cost of Volumes Purchased	\$	95352		
Total Sales (may not be less than 95% of supply volumes)	Mcf	15229		
<u>Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>6.2612</u>		
<u>EGC in effect for month</u>	<u>\$/Mcf</u>	<u>6.7574</u>		
<u>Difference</u> [(Over-)/Under-Recovery]	<u>\$/Mcf</u>	<u>(.4962)</u>		
<u>Actual sales during month</u>	<u>Mcf</u>	<u>13985</u>		
<u>Monthly cost difference</u>	<u>\$</u>	<u>(6939)</u>		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(6939)
<u>Sales for 12 months ended Feb 28, 2011</u>	Mcf	<u>(103493)</u>
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0670)

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)
May-11	\$4.6660	\$0.6300	0.97938	\$0.2098	\$5.6173	4,621	\$25,957.56

4,621      \$25,957.56

**WACOG = \$5.62**

*Handwritten calculation:*  

$$\frac{X 1.208}{6.794}$$

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

DATE: 03/28/11  
 BUS. PERIOD: February-11

Email: [sbcrum@aol.com](mailto:sbcrum@aol.com)  
[kcrisp@kyfrontiergas.com](mailto:kcrisp@kyfrontiergas.com)

CLIENT NO.: 884266  
 CONTRACT NO.: SSE003  
 INVOICE NUMBER: SSE0031102  
 VOUCHER NUMBER: 01010534  
 ARTESIA INVOICE NUMBER: SSE31102

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.

NAME: Auxier 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	602.40	\$5.13	\$3,090.31	February-11
Meter 837016-02 (Martin Co FED Prison) @ TCO Index Plus \$0.66	613.30	\$5.13	\$3,146.23	February-11
	<u>1,215.70</u>			

*6.54*  
*1.275*  
*953 meters*

**\*\* INVOICE AMOUNT DUE \*\***

**\$6,236.54**

**\*\* NET AMOUNT DUE ON OR BEFORE**

**April 25, 2011**

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



	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>Total</u>
First MCF (minimum BCU)	6.36	5.6652	12.0252
All Over First MCF	5.0645	5.6652	10.7297