

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

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

APRIL 27, 2011

MR. JEFF DEROUEN
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40602

RECEIVED

APR 29 2011

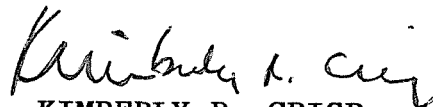
PUBLIC SERVICE
COMMISSION

DEAR SIR:

ENCLOSED YOU WILL FIND THE GAS COST RECOVERY TO BE EFFECTIVE
JUNE 1, 2011.

IF YOU HAVE ANY QUESTIONS, PLEASE LET US KNOW.

SINCERELY,



KIMBERLY R. CRISP
ACCOUNTANT

Auxier Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

April 27, 2011

Date Rates to be Effective:

June 1, 2011

Reporting Period is Calendar Quarter Ended:

March 31, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.0243
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(1.121)
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	<u>\$/Mcf</u>	<u>4.9033</u>

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

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	608285
+ Sales for the 12 months ended <u>March 31, 2011</u>	Mcf	100972
<u>= Expected Gas Cost (EGC)</u>	<u>\$/Mcf</u>	<u>6.0243</u>

B. 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>	<u>\$/Mcf</u>	<u>_____</u>

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(1.1962) (0.0594)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0070) (0.0714)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.1334) (0.0350)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0543) (0.0392)
<u>= Actual Adjustment (AA)</u>	<u>\$/Mcf</u>	<u>(1.1626) (0.0536)</u>
		(0.0747)
		<u>(1.121)</u>

D. 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>	<u>\$/Mcf</u>	<u>_____</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended March 31, 2011

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Cumberland Valley Resources			90736	5.8939	534789
Oel-Koors			4221	3.10	13085
Chesapeake			4562	6.54	29835
North Exploration			9442	4.38	41356
Chesapeake (undebilled)			5575	6.54	36264
Totals			<u>114506</u>		<u>655329</u>

Line loss for 12 months ended March 31, 2011 is 11.82% based on purchases of 114506 Mcf and sales of 100972 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	655329
+ Mcf Purchases (4)	Mcf	114506
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.7231
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	106286
= Total Expected Gas Cost (to Schedule IA.)	\$	608285

*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 March 31, 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(MAR)</u>	<u>Month 2</u> <u>()</u>	<u>Month 3</u> <u>()</u>
Total Supply Volumes Purchased	Mcf	13069		
Total Cost of Volumes Purchased	\$	68896		
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	12416		
= Unit Cost of Gas	\$/Mcf	5.5449		
- <u>EGC in effect for month</u>	\$/Mcf	7.3421		
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.7972)		
x <u>Actual sales during month</u>	Mcf	11024		
= Monthly cost difference	\$	(19812)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(19812)
÷ Sales for 12 months ended <u>March 31, 2011</u>	Mcf	100972
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.1962)

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	4.9033	11.2633
ALL OVER FIRST MCF	5.0645	4.9033	9.9678

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: sbcdum@aol.com
 kctsp@kyfrontiergas.com

NAME: Auxler Road Gas Company Inc.
 ADDRESS: P.O. Box 795
 CITY: Prestonsburg, KY 41653
 ATTN: Estill Branham

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

DESCRIPTION
 Meter 837016-01 (Martin Co FED Prison) @ TCO Index Plus \$0.66
 Meter 837016-02 (Martin Co FED Prison) @ TCO Index Plus \$0.66

DTH	602.40	613.30	1,215.70
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BILLING RATE	AMOUNT	DATE
\$5.13	\$3,090.31	February-11
\$5.13	\$3,146.23	February-11

**** INVOICE AMOUNT DUE ****
**** NET AMOUNT DUE ON OR BEFORE April 25, 2011**

Handwritten: 6.51
 1.225
 953.00
 6.51

\$6,236.54

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