

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

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

JUNE 28, 2011

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

RECEIVED

JUN 30 2011

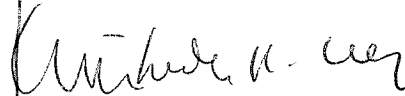
PUBLIC SERVICE
COMMISSION

DEAR MR. DEROUEN,

ENCLOSED YOU WILL FIND THE GAS COST RECOVERY FOR AUGUST 1, 2011.

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

SINCERELY,



KIMBERLY R. CRISP
ACCOUNTANT

Auxier Rd Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

June 28, 2011

Date Rates to be Effective:

August 1, 2011

Reporting Period is Calendar Quarter Ended:

May 31, 2011

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

| <u>Component</u> | <u>Unit</u> | <u>Amount</u> |
|--------------------------------|-------------|---------------|
| Expected Gas Cost (EGC) | \$/Mcf | 6.0822 |
| + Refund Adjustment (RA) | \$/Mcf | (.9991) |
| + Actual Adjustment (AA) | \$/Mcf | |
| + Balance Adjustment (BA) | \$/Mcf | |
| = Gas Cost Recovery Rate (GCR) | \$/Mcf | <u>5.0831</u> |

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

A. EXPECTED GAS COST CALCULATION

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total Expected Gas Cost (Schedule II) | \$ | 629310 |
| + Sales for the 12 months ended <u>May 31, 2011</u> | Mcf | 103467 |
| = Expected Gas Cost (EGC) | \$/Mcf | <u>6.0822</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 | |
| = Refund Adjustment (RA) | \$/Mcf | |

C. ACTUAL ADJUSTMENT CALCULATION

| | <u>Unit</u> | <u>Amount</u> |
|--|-------------|------------------------|
| Actual Adjustment for the Reporting Period (Schedule IV) | \$/Mcf | (.1084) (.1626) |
| + Previous Quarter Reported Actual Adjustment | \$/Mcf | (.0186) (.0594) |
| + Second Previous Quarter Reported Actual Adjustment | \$/Mcf | (.1962) (.0714) |
| + Third Previous Quarter Reported Actual Adjustment | \$/Mcf | (.0670) (.0350) |
| = Actual Adjustment (AA) | \$/Mcf | <u>(.3902) (.0520)</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 | |
| = Balance Adjustment (BA) | \$/Mcf | |

SCHEDULE II
EXPECTED GAS COST

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

| (1) Supplier | (2) Dth | (3) Btu Conversion Factor | (4) Mcf | (5)** Rate | (6) (4)x(5) Cost |
|-----------------------|------------|---------------------------------|----------------|---------------|------------------------|
| Cumberland Res | | | 94,674 | 5.9558 | 563,859 |
| Qui-Kaan | | | 4,314 | 3.10 | 13,373 |
| Chesapeake | | | 4,562 | 6.54 | 29,835 |
| Mpls Exploration | | | 9,274 | 4.38 | 40,620 |
| Chesapeake Cumberland | | | 5,545 | 6.54 | 36,264 |
| Totals | | | <u>118,369</u> | | <u>683,951</u> |

Line loss for 12 months ended May 31, 2011 is 12.6% based on purchases of 118,369 Mcf and sales of 103,467 Mcf.

| | Unit | Amount |
|---|--------|---------|
| Total Expected Cost of Purchases (6) | \$ | 683,951 |
| + Mcf Purchases (4) | Mcf | 118,369 |
| = Average Expected Cost Per Mcf Purchased | \$/Mcf | 5.7781 |
| x Allowable Mcf purchases (must not exceed Mcf sales + .95) | Mcf | 108,913 |
| = Total Expected Gas Cost (to Schedule IA.) | \$ | 629,310 |

*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 May 31, 2011

| <u>Particulars</u> | <u>Unit</u> | Month 1 (MAY) | Month 2 () | Month 3 () |
|--|-------------|------------------|----------------|----------------|
| Total Supply Volumes Purchased | Mcf | 4,927 | | |
| Total Cost of Volumes Purchased | \$ | 28,085 | | |
| + Total Sales (may not be less than 95% of supply volumes) | Mcf | 5,807 | | |
| = Unit Cost of Gas | \$/Mcf | 4.8364 | | |
| - EGC in effect for month | \$/Mcf | 6.7676 | | |
| = Difference [(Over-)/Under-Recovery] | \$/Mcf | (1.9312) | | |
| x Actual sales during month | Mcf | 5,807 | | |
| = Monthly cost difference | \$ | (11,214) | | |

| | <u>Unit</u> | <u>Amount</u> |
|---|-------------|---------------|
| Total cost difference (Month 1 + Month 2 + Month 3) | \$ | (11,214) |
| ÷ Sales for 12 months ended <u>May 31, 2011</u> | Mcf | 103,467 |
| = Actual Adjustment for the Reporting Period (to Schedule IC.) | \$/Mcf | (1.1084) |

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> |
|--------------------|------------------|-------------------------|--------------|
| MCE (Minimum) | 6.36 | 5.0831 | 11.4431 |
| ALL over first MCE | 5.0645 | 5.0831 | 10.1476 |