

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

February 26, 2004

Mr. Thomas Dorman
Executive Director
Public Service Commission
P O Box 615
Frankfort, Ky 40602

Case 2004-00068

RECEIVED

MAR 2 2004

PUBLIC SERVICE
COMMISSION

Dear Mr. Dorman:

Enclosed you will find the gas cost recovery for April 2004 thru June 2004.

If you have any questions, please call at the above number.

Sincerely,


Kimberly Crisp

Enclosure

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Autie Road Gas Co

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

February 26, 2004

Date Rates to be Effective:

April 1, 2004

Reporting Period is Calendar Quarter Ended:

December 31, 2003

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.8966
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.6479)
+ Balance Adjustment (BA)	\$/Mcf	.2522
= Gas Cost Recovery Rate (GCR)	\$/Mcf	6.5009

GCR to be effective for service rendered from April to June

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	704466
	+ Sales for the 12 months ended <u>DEC 31, 03</u>	Mcf	102147
	= Expected Gas Cost (EGC)	\$/Mcf	6.8966
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<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.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.1893)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2852)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.7578)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.5844
	= Actual Adjustment (AA)	\$/Mcf	(.6479)
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.1248
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	.0064
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.082
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.039
	= Balance Adjustment (BA)	\$/Mcf	.2522

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SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended Dec 31, 2003

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Alliance Des			14497	7.37	106843
Bea-Kearns Drilling			5176	3.10	16046
E-Quitable Resources			4678	9.73	45517
CBS/Evan			24617	2.94	72374
Columbia NR			59487	8.51	463684
Totals			<u>103455</u>		<u>704464</u>

Line loss for 12 months ended Dec 31, 03 is 1.3 % based on purchases of 103455 Mcf and sales of 102147 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	704464
+ Mcf Purchases (4)	Mcf	103455
= Average Expected Cost Per Mcf Purchased	\$/Mcf	6.8094
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	103455
= Total Expected Gas Cost (to Schedule IA.)	\$	704466

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

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SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended Dec 31, 03

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Oct)</u>	<u>Month 2 (Nov)</u>	<u>Month 3 (Dec)</u>
Total Supply Volumes Purchased	Mcf	6541	9867	17640
Total Cost of Volumes Purchased	\$	35072	61211	131704
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	6214	9374	16758
= Unit Cost of Gas	\$/Mcf	5.6440	6.5299	7.8592
- EGC in effect for month	\$/Mcf	7.6685	7.6685	7.6685
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(2.0245)	(1.1386)	.1907
x Actual sales during month	Mcf	6034	8800	15182
= Monthly cost difference	\$	(12216)	(10020)	2895

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(19341)
+ Sales for 12 months ended <u>Dec 31, 03</u>	Mcf	102147
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.1893)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended Dec 31, 2003

<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.	\$	(13426)
Less: Dollar amount resulting from the AA of <u>(.2562)</u> \$/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 <u>102147</u> Mcf during the 12-month period the AA was in effect.	\$	(26170)
Equals: Balance Adjustment for the AA.	\$	<u>12744</u>
(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.	\$	<u> </u>
(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.	\$	<u> </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	<u>12744</u>
+ Sales for 12 months ended <u>Dec 31, 03</u>	Mcf	<u>102147</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>.1248</u>

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

	<u>Base Rate</u>	<u>Gas Cost Recovery</u>	<u>total</u>
First MCF (Minimum Bill)	5.11	6.5009	11.6109
ALL OVER First MCF	4.2599	6.5009	10.7608

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Constellation NewEnergy - Gas Division

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
 Phone: (502) 426-4500 Fax: (502) 426-8800

Estill Branham
 606-886-2314
 606/889-0466

**AUXIER ROAD GAS COMPANY
 Estimated Citygate Prices if Bought Monthly**

Month	(A) NYMEX 02/25/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2003 Consumption)</small>	(G) Total Cost Monthly (E*F)
Apr-04	\$5.1400	\$0.5350	0.97446	\$0.2300	\$6.0537	1,800	\$10,896.73
May-04	\$5.1500	\$0.5350	0.97446	\$0.2300	\$6.0743	640	\$3,887.53
Jun-04	\$5.1900	\$0.5350	0.97446	\$0.2300	\$6.1050	921	\$5,622.75
						3,361	\$20,407.01

6.0796
 X 1.2126 BTU Factor
 7.3698
 WACOG = \$6.07

EQUITABLE ENERGY LLC

Confirmation Date December 29, 2003 15:16

Transaction Confirmation - EXHIBIT A

This Confirmation Letter is being provided in accordance with EEC's Master Gas Sale/Purchase Agreement, the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas or the Gas Industry Standards Board Base Contract for Short-Term Sale and Purchase of Natural Gas ("Contract"), which ever is applicable, between Equitable Energy, LLC ("EEC") and Counterparty, and constitutes part of and is subject to all terms and provisions of the Contract. In the event the Parties have not executed a Contract, the terms and conditions of the North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas and Equitable Energy's Special Provisions (attached if applicable) and this Confirmation Letter shall apply to this Transaction.

Please sign and return one copy of the attached Confirmation to EEC within two (2) Business Days of receipt to the fax number set forth below. The terms of this Confirmation Letter are binding on EEC and Counterparty unless Counterparty objects to EEC in writing within said two (2) Business Days. If you are not in agreement with the above terms, please contact Theresa L. Petersen at 412.395.2630.

Seller EQUITABLE ENERGY LLC 110 ALLEGHENY CENTER MALL PITTSBURGH, PA 15212	Buyer AUXIER ROAD GAS COMPANY ATTENTION: MR ESTILL BRANHAM POST OFFICE BOX 785 PRESTONSBURG, KY 41853
Deal Maker BRIAN SHAFRANEK	Deal Maker: ESTILL BRANHAM
Phone 412.395.2627	Phone 606.666.2316
Email Email not available - Fax# 412.395.2676	Email Email not available - Fax# 606.666.0466

Transaction ID
S-AUXIERROAD556-3523

Pricing Detail

Service Level	From	To	Price
FIRM	01/01/2004 10:00 am	11/01/2004 10:00 am	\$8.0200 X 1.2126 = 9.73

Point Detail

Pipeline	State	Total Monthly Dth	Description
KENTUCKY WV	TD4	11,000/Dth	AUXIER ROAD GAS COMPANY JAN 2004
KENTUCKY WV	TD4	8,800/Dth	AUXIER ROAD GAS COMPANY FEB 2004
KENTUCKY WV	TD4	6,000/Dth	AUXIER ROAD GAS COMPANY MAR 2004
KENTUCKY WV	TD4	2,800/Dth	AUXIER ROAD GAS COMPANY APRIL 2004
KENTUCKY WV	TD4	300/Dth	AUXIER ROAD GAS COMPANY MAY 2004
KENTUCKY WV	TD4	50/Dth	AUXIER ROAD GAS COMPANY JUNE 2004
KENTUCKY WV	TD4	25/Dth	AUXIER ROAD GAS COMPANY JULY THRU. OCT 2004

Special Conditions

SELLER EQUITABLE ENERGY LLC	BUYER AUXIER ROAD GAS COMPANY
By Authorized Signer	By Authorized Signer <i>Estill Branham</i>
Title Frank Konz, Director	Title President
Date December 29, 2003	Date 12/31/03