

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

June 27, 2006

RECEIVED

JUN 29 2006

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

Case No. 2006-00375

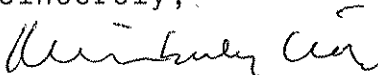
Dear Ms. O'Donnell:

Enclosed is the Gas Cost Recovery for July 1, 2006 thru
Sept 30, 2006.

Please waiver the 30-day requirement clause due to an
oversight. Our billing day will come on July 28, 2006.

If you have any questions, contact us at the above number.

Sincerely,


Kimberly Crisp

Avisee Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

June 27, 2006

Date Rates to be Effective:

July 1, 2006

Reporting Period is Calendar Quarter Ended:

March 31, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.0955
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(2.0603)
+ Balance Adjustment (BA)	\$/Mcf	.0073
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>7.0425</u>

GCR to be effective for service rendered from July to Sept

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	921473
	+ Sales for the 12 months ended <u>MARCH 31, 2006</u>	Mcf	101311
	<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>9.0955</u>
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	
	<u>= Refund Adjustment (RA)</u>	\$/Mcf	
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(1.8712)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.4728
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.4726)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1893)
	<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>(2.0603)</u>
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.0080
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0015)
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.0118
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0111)
	<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>.0073</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended March 31, 2006

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			79085	9.4140	744506
Oei-Kaas			5043	3.10	15633
Chesapeake Energy			16200	9.959	161736
Totals			<u>100328</u>		<u>921475</u>

Line loss for 12 months ended March 31, 2006 is _____ % based on purchases of 100328 Mcf and sales of 101311 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	921475
+ Mcf Purchases (4)	Mcf	100328
= Average Expected Cost Per Mcf Purchased	\$/Mcf	9.1846
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	100328
= Total Expected Gas Cost (to Schedule IA.)	\$	921473

*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, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Jan)</u>	<u>Month 2 (Feb)</u>	<u>Month 3 (Mar)</u>
Total Supply Volumes Purchased	Mcf	12825	14639	11009
Total Cost of Volumes Purchased	\$	177590	145873	100670
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	13001	14841	11041
= Unit Cost of Gas	\$/Mcf	13.6597	9.8291	9.1178
- EGC in effect for month	\$/Mcf	15.7833	15.7833	15.7833
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(2.1236)	(5.9542)	(6.6655)
x Actual sales during month	Mcf	13001	14841	11041
= Monthly cost difference	\$	(27609)	(88366)	(73594)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(189569)
÷ Sales for 12 months ended <u>March 31, 2006</u>	Mcf	101311
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(1.8712)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended March 31, 2006

Particulars	Unit	Amount
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	20612
Less: Dollar amount resulting from the AA of <u>.1955</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>101311</u> Mcf during the 12-month period the AA was in effect.	\$	19806
Equals: Balance Adjustment for the AA.	\$	<u>806</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>806</u>
+ Sales for 12 months ended <u>March 31, 2006</u>	Mcf	<u>101311</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>.0080</u>

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estlll B. Branham
President

(606) 886-2314

	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>TOTAL</u>
FIRST MCE (minimum)	5.11	9.0955	14.2055
ALL OVER FIRST MCE	4.2599	9.0955	13.3554

Constellation NewEnergy - Gas Division

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
 Phone: (502) 426-4800 Fax: (502) 426-8800

Estill Branham
 606-886-2314
 606/889-9995

AUXIER ROAD GAS COMPANY Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 06/21/06	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2005 Consumption)</small>	(G) Total Cost Monthly (E*F)
Jul-06	\$6.8210	\$0.3000	0.97917	\$0.2500	\$7.5225	1,579	\$11,878.01
Aug-06	\$7.0280	\$0.3000	0.97917	\$0.2500	\$7.7339	945	\$7,308.53
Sep-06	\$7.2500	\$0.3000	0.97917	\$0.2500	\$7.9606	1,049	\$8,350.68
						3,573	\$27,537.21

WACOG = \$7.71

BTU FACTOR 1.221 X 7.71=\$9.4140 PER MCF

CHESAPEAKE APPALACHIA, LLC
900 Pennsylvania Avenue
P. O. Box 6070
Charleston, West Virginia 25362-0070

CLIENT NO.: 089985-01
CONTRACT NO.: SSE003
INVOICE NUMBER: SSE0030606
VOUCHER NUMBER: 00606579

06/16/06 5/06

817 * +
817 * * +

Auxior Road Gas Company Inc.
P.O. Box 785

Prestonburg, KY 41653
Estill Branch

N ies

BILLING RATE	DTH	AMOUNT	DATE
\$8.17	100	\$817.00	5/06

BTU factor 1.219 X 8.17 = 9.959

** INVOICE AMOUNT DUE **

\$817.00

** NET AMOUNT DUE ON OR BEFORE JUNE 30, 2006 **

CHESAPEAKE APPALACHIA, LLC

PO BOX 96-0277
OKLAHOMA CITY, OK 73196-0277

Make Check Payable To:

Please Remit Check To:

Please Return One Copy Of This Invoice With Your Remittance

pd

6/20/06

CHK 024879

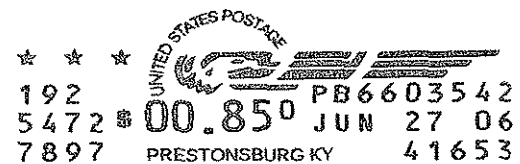
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COMMISSION



RE: GAS COST RECOVERY

MS BETH O'DONNELL, EXECUTIVE DIR
PUBLIC SERVICE COMMISSION
P O BOX 615
FRANKFORT, KY 40602