

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

August 31, 2006

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

RECEIVED

SEP 1 2006

PUBLIC SERVICE
COMMISSION

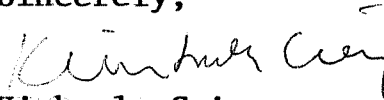
Case No. 7006-00396

Dear Ms. O'Donnell:

Enclosed is the Gas Cost Recovery for October 1, 2006 thru December 31, 2006.

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

Sincerely,


Kimberly Crisp

Auxier Road Gas

Case No. 2006-00396

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

RECEIVED

SEP 01 2006

PUBLIC SERVICE
COMMISSION

Date Filed:

August 31, 2006

Date Rates to be Effective:

October 1, 2006

Reporting Period is Calendar Quarter Ended:

June 30, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	11.0344
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(2.076)
+ Balance Adjustment (BA)	\$/Mcf	(.0547)
= Gas Cost Recovery Rate (GCR)	\$/Mcf	8.9037

GCR to be effective for service rendered from Oct to Dec.

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	1080541
	+ Sales for the 12 months ended <u>June 30, 2006</u>	Mcf	97925
	= Expected Gas Cost (EGC)	\$/Mcf	11.0344
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	(.2050)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(1.8712)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.4728
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.4726)
	= Actual Adjustment (AA)	\$/Mcf	(2.076)
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.079)
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	.0080
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0015)
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0118
	= Balance Adjustment (BA)	\$/Mcf	(.0547)

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended June 30, 2006

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Consolidation			81683	11.8068	969316
Celi-Kaars			5436	3.10	16852
Chesapeake Energy			11538	8.1795	94375
Totals			<u>98657</u>		<u>1080543</u>

Line loss for 12 months ended June 30, 2006 is .007 % based on purchases of 98657 Mcf and sales of 97925 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	1080543
+ Mcf Purchases (4)	Mcf	98657
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.9525
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	98657
= Total Expected Gas Cost (to Schedule IA.)	\$	1080541

*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 June 30, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Apr)</u>	<u>Month 2 (May)</u>	<u>Month 3 (June)</u>
Total Supply Volumes Purchased	Mcf	6399	6187	3570
Total Cost of Volumes Purchased	\$	65946	60866	26961
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	6562	5878	3392
= Unit Cost of Gas	\$/Mcf	10.0497	10.3549	7.9484
- EGC in effect for month	\$/Mcf	11.0308	11.0308	11.0308
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.9811)	(.6759)	(3.0824)
x Actual sales during month	Mcf	6562	5664	3183
= Monthly cost difference	\$	(6438)	(3828)	(9811)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(2007)
÷ Sales for 12 months ended <u>June 30, 2006</u>	Mcf	97925
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.2050)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended June 30, 2006

<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.	\$	(97816)
Less: Dollar amount resulting from the AA of <u>(.895)</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>97925</u> Mcf during the 12-month period the AA was in effect.	\$	(87711)
Equals: Balance Adjustment for the AA.	\$	<u>(7105)</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)	\$	(7105)
+ Sales for 12 months ended <u>June 30, 2006</u>	Mcf	<u>97925</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>(.073)</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 Rec</u>	<u>TOTAL</u>
FIRST MCF (Minimum)	5.11	8.9037	14.0137
ALL OVER FIRST MCF	4.2599	8.9037	13.1636

Constellation NewEnergy - Gas Division

3960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
 Phone: (502) 426-4500 Fax: (502) 426-8900

Estill Branham
 606-836-2314
 606/869-9995

AUXIER ROAD GAS COMPANY
Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 08/30/06	(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)
Oct-06	\$6.8480	\$0.3400	0.97917	\$0.2700	\$7.6109	5,138	\$39,104.86
Nov-06	\$8.6360	\$0.3400	0.97917	\$0.2700	\$9.4369	11,146	\$105,184.22
Dec-06	\$10.3290	\$0.3400	0.97917	\$0.2700	\$11.1660	8,251	\$92,130.36
						24,535	\$236,419.44

BTU FACTOR CONVERSION 1.2310X\$9.64 = \$11.8668 PER MCF

WACOG = \$9.64

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

DATE: 08/10/06
 BUS. PERIOD: 7/06

CLIENT NO.: 0899365-01
 CONTRACT NO.: SSE03
 INVOICE NUMBER: SSE0030608
 VOUCHER NUMBER: 00606579

Company Inc.

11653

0.*

2,113.65

DTH	BILLING RATE	AMOUNT	DATE
315	\$6.71	\$2,113.65	7/06

BTU factor 1.219 X 6.71 = 8,179.5

CH# 025 087

** INVOICE AMOUNT DUE **

\$2,113.65

** NET AMOUNT DUE ON OR BEFORE AUGUST 25, 2006 **

CHESAPEAKE APPALACHIA, LLC

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

Please Return One Copy Of This Invoice With Your Remittance

Auxier Road Gas Co., Inc.
P. O. Box 785
Prestonsburg, Kentucky 41653

★ 143 ★
★ 5492 ★
★ 8615 ★
00.870
PRESTONSBURG KY
PB6603542
AUG 31 06
41653

MS BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT, KY 40602

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