

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

November 30, 2006

RECEIVED

DEC 1 2006

PUBLIC SERVICE
COMMISSION

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

Case No. 2006-00527

Dear Ms. O'Donnell:

Enclosed is the Gas Cost Recovery for January 1, 2006 thru March 31, 2006.

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

Sincerely,

Kimberly Crisp
Kimberly Crisp

Auxier Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

November 30, 2006

Date Rates to be Effective:

January 1, 2007

Reporting Period is Calendar Quarter Ended:

September 30, 2006

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.7665
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(1.6645)
+ Balance Adjustment (BA)	\$/Mcf	(.0823)
= Gas Cost Recovery Rate (GCR)	\$/Mcf	9.0197

GCR to be effective for service rendered from January to March.

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	1059029
+ Sales for the 12 months ended <u>Sept 30, 2006</u>	Mcf	98363
= Expected Gas Cost (EGC)	\$/Mcf	10.7665

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	(.0611)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2050)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(1.8712)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.4728
= Actual Adjustment (AA)	\$/Mcf	(1.6645)

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.0158)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.073)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.0080
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0015)
= Balance Adjustment (BA)	\$/Mcf	(.0823)

SCHEDULE II
EXPECTED GAS COST

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

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			80864	11.9976	970174
Oei - Kaden			5443	3.10	16873
Chesapeake Energy			11833	6.0828	71978
Totals			<u>98140</u>		<u>1059025</u>

Line loss for 12 months ended Sept 30, 2006 is 0 % based on purchases of 98140 Mcf and sales of 98363 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	1059025
+ Mcf Purchases (4)	Mcf	98140
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.7910
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	98140
= Total Expected Gas Cost (to Schedule IA.)	\$	1059029

*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 Sept. 30, 2006

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (July)</u>	<u>Month 2 (Aug)</u>	<u>Month 3 (Sept)</u>
Total Supply Volumes Purchased	Mcf	4173	3861	2197
Total Cost of Volumes Purchased	\$	29539	32351	38111
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3964	3747	4052
= Unit Cost of Gas	\$/Mcf	7.4518	8.6338	9.4055
- EGC in effect for month	\$/Mcf	9.0955	9.0955	9.0955
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.6437)	(.4617)	.31
x Actual sales during month	Mcf	3368	3747	4052
= Monthly cost difference	\$	(5576)	(1730)	1256

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(6010)
+ Sales for 12 months ended <u>Sept 30, 2006</u>	Mcf	98763
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0611)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended Sept 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.	\$	(20173)
Less: Dollar amount resulting from the AA of (.1893) \$/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 98363 Mcf during the 12-month period the AA was in effect.	\$	(18620)
Equals: Balance Adjustment for the AA.	\$	(1553)
(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)	\$	(1553)
+ Sales for 12 months ended <u>Sept 30, 2006</u>	Mcf	98363
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	(.0158)

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 MCE (Minimum)	5.11	9.0197	14.1297
ALL Over First MCE	4.2599	9.0197	13.2796

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
 606/889-9995

AUXIER ROAD GAS COMPANY Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 11/29/06	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2006 Consumption)</small>	(G) Total Cost Monthly (E*F)
Jan-07	\$9.0210	\$0.3500	0.97917	\$0.2700	\$9.8404	13,275	\$130,630.65
Feb-07	\$9.0500	\$0.3500	0.97917	\$0.2700	\$9.8700	16,744	\$165,262.73
Mar-07	\$8.8800	\$0.3500	0.97917	\$0.2700	\$9.6964	12,532	\$121,514.67
						42,551	\$417,408.05

WACOG = \$9.81

BTU CONVERSION FACTOR 1.223 X \$9.81 = \$11.9976 PER MCF

0.00

0.00

813.37 +
813.37 =

11/17/06
10/06

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

CLIENT NO.: 089985-01
CONTRACT NO.: SSE003
INVOICE NUMBER: SSE0030611
VOUCHER NUMBER: 00611579

Auxier Road Gas Company Inc.
P.O. Box 785
Prestonburg, KY 41653
Estil Branham

11/20/06
ACH 02534y

↓	DTH	BILLING RATE	AMOUNT	DATE
es	163	\$4.99	\$813.37	10/06

BTU factor 1.219 x 4.99 = 6.0828

** INVOICE AMOUNT DUE **

\$813.37

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

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

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

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5492 \$ 00.750 P86603542
9183 PRESTONSBURG, KY 41653



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COMMISSION

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