

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Estill B. Branham  
President

(606) 886-2314

February 26, 2007

RECEIVED

FEB 27 2007

PUBLIC SERVICE  
COMMISSION

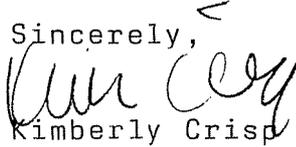
Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602

Dear Ms. O'Donnell:

*Case No. 2007-00086*

Enclosed is the Gas Cost Recovery for April 1, 2007 thru  
June 30, 2007.

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

Sincerely,  
  
Kimberly Crisp

Aurice Road Gas

RECEIVED

FEB 27 2007

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

PUBLIC SERVICE  
COMMISSION

Date Filed:

February 26, 2007

Date Rates to be Effective:

April 1, 2007

Reporting Period is Calendar Quarter Ended:

December 31, 2006

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.9074
+ Refund Adjustment (RA)	\$/Mcf	(3.2883)
+ Actual Adjustment (AA)	\$/Mcf	(.1229)
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>6.4962</u>

GCR to be effective for service rendered from April to June.

<b>A.</b>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	955150
	+ Sales for the 12 months ended <u>Dec 31, 2006</u>	Mcf	96408
	<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>9.9074</u>
<b>B.</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	
<b>C.</b>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(1.1510)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0611)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2050)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(1.8712)
	<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>(3.2883)</u>
<b>D.</b>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.0421)
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0158)
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0731)
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0080
	<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>(.1229)</u>

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended Dec 31, 2006

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			80134	10.7869	864397
AEI-KAAVS			5331	3.10	16526
Chesapeake Energy			4815	11.2125	53988
nytis Exploration			4621	4.38	20240
Totals			<u>94901</u>		<u>955151</u>

Line loss for 12 months ended Dec 31, 2006 is 0 % based on purchases of 94901 Mcf and sales of 96908 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	955151
+ Mcf Purchases (4)	Mcf	94901
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.0647
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	94901
= Total Expected Gas Cost (to Schedule IA.)	\$	955150

\*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 Dec 31, 2006

<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	6851	10381	11405
Total Cost of Volumes Purchased	\$	40322	75146	106989
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	7473	10121	12623
= Unit Cost of Gas	\$/Mcf	5.3957	7.4248	8.4757
- EGC in effect for month	\$/Mcf	11.0344	11.0344	11.0344
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(5.6387)	(7.6096)	(2.5587)
x Actual sales during month	Mcf	7473	10121	12623
= Monthly cost difference	\$	(42138)	(36533)	(32298)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(110969)
÷ Sales for 12 months ended <u>Dec 31, 2006</u>	Mcf	96408
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(1.1510)

SCHEDULE V  
BALANCE ADJUSTMENT

For the 3 month period ended Dec 31, 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.	\$	(49622)
Less: Dollar amount resulting from the AA of <u>(.4726)</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>96408</u> Mcf during the 12-month period the AA was in effect.	\$	(45562)
Equals: Balance Adjustment for the AA.	\$	<u>(4060)</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)	\$	(4060)
+ Sales for 12 months ended <u>Dec 31, 2006</u>	Mcf	<u>96408</u>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>(.0421)</u>

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

**Estlin B. Branham**  
President

(606) 886-2314

	<u>BASE RATE</u>	<u>GAS COST REC</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	5.11	6.4962	11.6062
ALL OVER FIRST MCF	4.2599	6.4962	10.7561

# Constellation NewEnergy - Gas Division

9980 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 426-4500 Fax: (502) 426-8900

Estill Branham  
 606-886-2314  
 606/683-9995

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

Month	(A) NYMEX 02/23/07	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Use 2006 Consumption)</small>	(G) Total Cost Monthly (E*F)
Apr-07	\$7.9500	\$0.3500	0.97917	\$0.2700	\$8.7466	7,037	\$61,549.59
May-07	\$8.0400	\$0.3500	0.97917	\$0.2700	\$8.8385	7,031	\$62,143.36
Jun-07	\$8.1400	\$0.3500	0.97917	\$0.2700	\$8.9406	3,643	\$32,570.64
						47,711	\$156,263.59

WACOG = \$8.82

BTU CONVERSION FACTOR 1.223X \$8.82 = \$10.7869 PER MCF

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

0.00  
 01/18/07  
 12/06

Auxier Road Gas Company Inc.  
 P.O. Box 785  
 Prestonburg, KY 41653  
 Estill Branch

CLIENT NO.: 083985-01  
 CONTRACT NO.: SSE003  
 INVOICE NUMBER: SSE0030701  
 VOUCHER NUMBER: 00701579

*PD*  
*1/26/07*  
*OKH 025555*

DTH	BILLING RATE	AMOUNT	DATE
1,203	\$9.19 <i>1/2/25</i>	\$11,055.57	12/06

**\*\* INVOICE AMOUNT DUE \*\***  
**\*\* NET AMOUNT DUE ON OR BEFORE FEBRUARY 5, 2007\*\***  
**\$11,055.57**

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

**.STATEMENT OF NATURAL GAS BY METER**

**February 20, 2007**

0.\*

**INVOICE NUMBER 0107**

0.\*

**JANUARY 2007**

0.\*

4,336.2+ **NYTIS EXPLORATION COMPANY,LLC**  
4,336.2\*+ **ATTN: RICHARD FINUCANE**  
**2501 BROADWAY**  
**CATLETTSBURG,KY 41168**

*Pd*

*2/21/07*

*CKH 025618*

**AUXIER ROAD GAS COMPANY**  
**P.O. BOX 785**  
**PRESTONSBURG, KY 41653**

**MEASURING STATION NO. 104**  
**ALMA COAL CORPORATION**  
**RATE PER MCF \$4.38**

<u>DATE</u>	<u>READING</u>	<u>DIFF</u>	<u>PRESSURE</u>	<u>MULT</u>	<u>MCF</u>	<u>AMOUNT</u>
12/28/06	2,798					
		37	41.0	.7437	990	\$4,336.20
01/28/07	2,835					

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

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PRESTONSBURG KY  
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41653

RECEIVED  
FEB 27 2007  
PUBLIC SERVICE  
COMMISSION

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