

2007-216

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

MAY 31, 2007

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

RECEIVED

JUN 1 2007

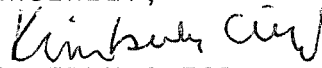
PUBLIC SERVICE
COMMISSION

DEAR MS. O'DONNELL:

ENCLOSED IS THE GAS COST RECOVERY FOR JULY 1, 2007 THRU
SEPTEMBER 30, 2007.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT THE ABOVE NUMBER.

SINCERELY,


KIMBERLY CRISP

Auxier Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

May 31, 2007

Date Rates to be Effective:

July 1, 2007

Reporting Period is Calendar Quarter Ended:

March 31, 2007

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.6716
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(2.6697)
+ Balance Adjustment (BA)	\$/Mcf	(1.0949)
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>6.907</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)	\$		956127
+ Sales for the 12 months ended <u>March 31, 2007</u>	Mcf		98859
<u>= Expected Gas Cost (EGC)</u>	\$/Mcf		<u>9.6716</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		(1.2526)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf		(1.1510)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf		(1.0611)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf		(1.2050)
<u>= Actual Adjustment (AA)</u>	\$/Mcf		<u>(2.6697)</u>
D. <u>BALANCE ADJUSTMENT CALCULATION</u>		<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf		.0360
+ Previous Quarter Reported Balance Adjustment	\$/Mcf		(1.0421)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf		(1.0158)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf		(1.073)
<u>= Balance Adjustment (BA)</u>	\$/Mcf		<u>(1.0949)</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended March 31, 2007

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			77569	10.9703	850955
AEI-KANS			5311	3.10	16464
Chesapeake Energy			5497	10.4779	57597
nytis Exploration			7103	4.38	31111
Totals			<u>95480</u>		<u>956127</u>

Line loss for 12 months ended March 31, 2007 is 0 % based on purchases of 95480 Mcf and sales of 98859 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	956127
+ Mcf Purchases (4)	Mcf	95480
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.0139
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	95480
= Total Expected Gas Cost (to Schedule IA.)	\$	956127

*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, 2007

<u>Particulars</u>	<u>Unit</u>	Month 1 (JAN)	Month 2 (FEB)	Month 3 (MAR)
Total Supply Volumes Purchased	Mcf	13301	15060	10691
Total Cost of Volumes Purchased	\$	94752	132198	95246
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	14115	17167	10156
= Unit Cost of Gas	\$/Mcf	6.7129	7.7007	9.3783
- EGC in effect for month	\$/Mcf	10.7665	10.7665	10.7665
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(4.0536)	(3.0658)	(1.3882)
x Actual sales during month	Mcf	14115	17167	10072
= Monthly cost difference	\$	(57217)	(52631)	(13982)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(123830)
÷ Sales for 12 months ended <u>March 31, 2007</u>	Mcf	98859
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(1.2526)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended March 31, 2007

<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. Less: Dollar amount resulting from the AA of <u>1428</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>98859</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$	50300 46741 <hr/> 3559
(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.	\$	 <hr/>
(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.	\$	 <hr/>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	3559
+ Sales for 12 months ended <u>March 31, 2007</u>	Mcf	98859
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	10360

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 BILL)	5.11	6.907	12.017
ALL OVER FIRST MCF	4.2599	6.907	11.1669

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 05/30/07	(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)
JUL-07	\$8.0880	\$0.4100	0.98011	\$0.2127	\$8.8832	4,243	\$37,691.23
Aug-07	\$8.2000	\$0.4100	0.98011	\$0.2127	\$8.9974	4,115	\$37,024.42
Sep-07	\$8.2740	\$0.4100	0.98011	\$0.2127	\$9.0729	2,033	\$18,445.27
						10,391	\$93,160.91

WACOG = \$8.97

BTU CONVERSION FACTOR 1.223 X \$8.97=\$10.9703 PER MCF

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

DATE: 05/22/07
 BUS PERIOD: 4/07

REVISED 5/24/07

CLIENT NO.: 089395-01
 CONTRACT NO.: SSEE03
 INVOICE NUMBER: SST-0030705
 VOUCHER NUMBER: 00705579

NAME: Auxier Hoad Gas Company Inc.
 ADDRESS: P. O. Box 785
 CITY: Prestonburg, KY 41653
 ATTN: Estill Branham

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Current Volumes	981	\$8.58	\$8,416.98	4/07
			\$16,477.99	

**** INVOICE AMOUNT DUE ****
**** NET AMOUNT DUE ON OR BEFORE JUNE 8, 2007 ****
\$8,416.98

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.