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December 27, 2007

Sallye Branham
Auxier Road Gas Company, Inc.
P. O. Box 785
Prestonsburg, KY 41653

CERTIFICATE OF SERVICE

RE: Case No. 2007-00498
Auxier Road Gas Company, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 27, 2007.

Executive Director

BOD/rs
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ADJUSTMENT OF RATES)	
OF AUXIER ROAD GAS)	CASE NO. 2007-00498
COMPANY, INC.)	

ORDER

On April 10, 1991, in Case Nos. 10288-D and 10288-E, the Commission approved the Gas Cost Adjustment ("GCA") Clause of Auxier Road Gas Company, Inc. ("Auxier") allowing for the quarterly adjustment of its rates.¹

On December 3, 2007, Auxier filed its proposed GCA to be effective January 1, 2008.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Auxier's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Auxier's notice sets out an Expected Gas Cost ("EGC") of \$10.1735 per Mcf, which is a decrease of \$.4186 per Mcf from its prior EGC of \$10.5921.
3. Auxier's notice sets out no current refund adjustment.
4. Auxier's notice sets out a current quarter actual adjustment ("AA") of (\$.6209) per Mcf. Auxier's notice sets out a total AA of (\$2.9359) per Mcf. Auxier Road included a revision of last quarter's AA, necessitated by the discovery of a billing error

¹ Case Nos. 10288-D and 10288-E, Notice of Purchased Gas Adjustment Filing of Auxier Road Gas Company, Inc.

with Chesapeake Energy. Revising last quarter's AA produces a revised total AA of (\$2.9715) per Mcf, which is a decrease of \$.5954 per Mcf from its previous total AA.

5. Auxier's notice sets out a current quarter balance adjustment ("BA") of \$.0022 per Mcf. Auxier's notice sets out a total BA of (\$.0289) per Mcf, which is an increase of \$.0180 per Mcf from its previous total BA.

6. Auxier's gas cost recovery rate is \$7.1731 per Mcf, which is a decrease of \$.9960 per Mcf from its previous rate of \$8.1691.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Auxier on and after January 1, 2008.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2008.

2. Within 20 days of the date of this Order, Auxier shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 27th day of December, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00498 DATED December 27, 2007

The following rates and charges are prescribed for the customers served by Auxier Road Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$ 5.11	\$7.1731	\$12.2831
All Over 1 Mcf	\$ 4.2599	\$7.1731	\$11.4330