

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Sallye Branham  
President

Office (606) 886-2314  
Fax (606) 889-9995

August 29, 2008

RECEIVED

Stephanie Stumbo, Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602

SEP - 2 2008  
PUBLIC SERVICE  
COMMISSION

RE: GAS COST RECOVERY

Dear Ms. Stumbo:

2008-361  
We have enclosed the Gas Cost Recovery of Auxier Road Gas Co., Inc. for the effective period beginning Oct 1, 2008 and ending December 31, 2008.

If you have any questions please do not hesitate to contact us at the above address.

Sincerely,

  
Kimberly R. Crisp

Auxier Road Gas

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

**RECEIVED**

SEP 02 2008

PUBLIC SERVICE  
COMMISSION

Date Filed:

August 29, 2008

Date Rates to be Effective:

October 1, 2008

Reporting Period is Calendar Quarter Ended:

June 30, 2008

## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	12.7483
+ Refund Adjustment (RA)	\$/Mcf	(.7991)
+ Actual Adjustment (AA)	\$/Mcf	(.0002)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	11.949

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

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	1242033
+ Sales for the 12 months ended <u>June 30, 2008</u>	Mcf	97427
= Expected Gas Cost (EGC)	\$/Mcf	12.7483
<u>B. 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	
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.3138)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.063
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.5483)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
= Actual Adjustment (AA)	\$/Mcf	(.7991)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.018)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	.017
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0014)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0022
= Balance Adjustment (BA)	\$/Mcf	(.0002)

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended June 30, 2008

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			68604	12.30	843829
Gei-Kaaw			4922	3.10	15258
Chesapeake Energy			13956	17.75	247719
Nyco Exploration			10165	4.38	44523
Chesapeake (unsubilled)			5545	17.75	98424
Totals			<u>103192</u>		<u>1249753</u>

Line loss for 12 months ended June 30, 2008 is .06 % based on purchases of 103192 Mcf and sales of 97427 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	1249753
+ Mcf Purchases (4)	Mcf	103192
= Average Expected Cost Per Mcf Purchased	\$/Mcf	12.1109
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	102555
= Total Expected Gas Cost (to Schedule IA.)	\$	1242033

\*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, 2008

<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	7025	5493	4234
Total Cost of Volumes Purchased	\$	87994	49666	33766
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	7438	5426	4022
= Unit Cost of Gas	\$/Mcf	11.8303	9.1533	8.3953
- EGC in effect for month	\$/Mcf	11.9747	11.9747	11.9747
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.1444)	(2.8214)	(3.5794)
x Actual sales during month	Mcf	7438	5426	2963
= Monthly cost difference	\$	(1074)	(15309)	(14185)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(30568)
÷ Sales for 12 months ended <u>June 30, 2008.</u>	Mcf	97427
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.3138)



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Prestonsburg, Kentucky 41653

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President

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	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>TOTAL</u>
First MCE (Minimum Bill)	5.11	11.949	17.059
All over First MCE	4.2589	11.949	16.2089

**Constellation NewEnergy - Gas Division**

Sally Branham  
606-886-2314  
606/889-9985

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40221  
Phone: (502) 426-4509 Fax: (502) 426-8800

**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 2007 Consumption)</small>	(G) Total Cost Monthly (E*F)
Oct-08	\$8.4180	\$0.7500	0.97846	\$0.2157	\$9.5865 11.36	4,485	\$42,991.08
Nov-08	\$8.7790	\$0.7500	0.97846	\$0.2157	\$9.9545 11.91	9,631	\$95,871.53
Dec-08	\$9.1080	\$0.7500	0.97846	\$0.2157	\$10.2917 12.20	11,903	\$122,502.56
						26,019	\$261,365.17

1.237  
= 12.20

WACOG = \$10.05

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

CLIENT NO: 884266  
CONTRACT NO: SSE003  
INVOICE NUMBER: SSE0030878  
VOUCHER NUMBER: 00808578

DATE: 08-14-08  
BUS PERIOD: 7-08

NAME: Robert Board Gas Company, Inc.  
ADDRESS: P.O. Box 785  
CITY: Piesenberg, KY 40358  
STATE: KY

FAX: 304-889-9893

DESCRIPTION	QUANTITY	BILLING RATE	AMOUNT	DATE
Current Volume SEC 1	0	\$14.20	\$0.00	7/08
SEC 2	0	\$14.20	\$0.00	7/08
	0			

*X(1,2489  
= 1775  
--- 0 --- due*

\$0.00

\*\* INVOICE AMOUNT DUE \*\*  
\*\* NET AMOUNT DUE ON OR BEFORE AUGUST 31, 2008 \*\*

CHESAPEAKE APPALACHIA, LLC

PO BOX 96 0277  
OKLAHOMA CITY, OK 73196-0277

Please Print Check To:

Wake Forest Payable To

Please Refer to This Invoice With Your Remittance