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February 29, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00053
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 February 29, 2008.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ADJUSTMENT OF RATES)
OF AUXIER ROAD GAS) CASE NO. 2008-00053
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 February 12, 2008, Auxier filed its proposed interim GCA to be effective March 3, 2008. Auxier requests an interim GCA that modifies the calculation of its Actual Adjustment (“AA”) component and for a waiver of the thirty-day notice requirement. Auxier is currently experiencing a negative cash flow due in part to an under-billing from a supplier who failed to read one of its meters for several months and because Auxier’s current GCA includes a very large refund component. Because of these issues, Auxier is concerned that it will not be able to cover its expenses this summer. Auxier proposes to revise the AA component of the GCA by combining the current factors into one AA factor that will be refunded over 24 months.

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

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

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 no change from its prior EGC.

3. Auxier's notice sets out no current refund adjustment.

4. Auxier's notice sets out a current quarter actual adjustment ("AA") of (\$.6788) per Mcf. Auxier's notice sets out a total AA of (\$.6788) per Mcf. Auxier proposes this AA based on a review of previous quarterly AAs. For each factor from the prior periods, Auxier calculated the amounts remaining to be either collected or refunded. These remaining amounts were combined and spread over 24 months to generate a new revised AA factor.

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 no change from its previous total BA.

6. Auxier's gas cost recovery rate is \$9.4658 per Mcf, which is an increase of \$2.2927 per Mcf from its previous rate of \$7.1731.

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 March 3, 2008.

IT IS THEREFORE ORDERED that:

1. Auxier's request for an interim GCA is approved.

2. Auxier's request to shorten the notice period from thirty days to twenty days is approved.

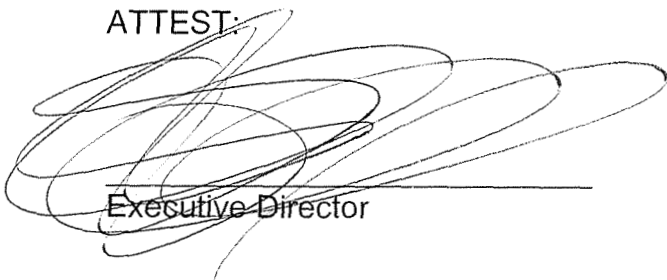
3. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after March 3, 2008.

4. 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 29th day of February, 2008.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00053 DATED FEBRUARY 29, 2008

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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
First Mcf (Minimum Bill)	\$ 5.11	\$9.4658	\$14.5758
All Over 1 Mcf	\$ 4.2599	\$9.4658	\$13.7257