

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

CASE NO: 2008-00083

Sallye Branham  
President

RECEIVED

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

MAR 5 2008

PUBLIC SERVICE  
COMMISSION

MARCH 3, 2008

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

DEAR MS O'DONNELL:

ENCLOSED IS THE GAS COST RECOVERY FOR APRIL 1, 2008 THRU  
JUNE 30, 2008.

WE REQUEST A WAIVER FROM THE 30 DAY REQUIREMENT TO THE 20 DAY  
REQUIREMENT DUE TO A FEW DAYS OF A LATE FILING.

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

SINCERELY,

  
KIMBERLY CRISP

Auxice Road Gas

CASE NO: 2008-00083

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

**RECEIVED**

MAR 05 2008

PUBLIC SERVICE  
COMMISSION

Date Filed:

March 3, 2008

Date Rates to be Effective:

April 1, 2008

Reporting Period is Calendar Quarter Ended:

Dec 31, 2007

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	11.9747
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.5374)
+ Balance Adjustment (BA)	\$/Mcf	.0118
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>11.4491</u>

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

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	1,151,927
+ Sales for the 12 months ended <u>Dec 31, 2007</u>	Mcf	96,197
<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>11.9747</u>

B. REFUND ADJUSTMENT CALCULATION

	<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. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.1414
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.6788)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>(.5374)</u>

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	(.0014)
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	.0022
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0250)
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0360
<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>.0118</u>

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended Dec 31, 2007

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			71079	13.65	970228
AEI-KANIS			4974	3.10	15419
Chesapeake Energy			6207	10.1492	62996
WYFIS Exploration			10732	4.38	47006
Chesapeake (under billed)			5545	10.1492	56277
Totals			<u>98537</u>		<u>1151926</u>

Line loss for 12 months ended Dec 31, 2007 is .02 % based on purchases of 98537 Mcf and sales of 96197 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	1151926
+ Mcf Purchases (4)	Mcf	98537
= Average Expected Cost Per Mcf Purchased	\$/Mcf	11.6903
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	98537
= Total Expected Gas Cost (to Schedule IA.)	\$	1151927

\*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, 2007

<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	4953	9790	12484
Total Cost of Volumes Purchased	\$	40511	75813	120972
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	5207	9749	12427
= Unit Cost of Gas	\$/Mcf	7.7801	7.7765	9.7346
- EGC in effect for month	\$/Mcf	8.1691	8.1691	8.1691
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.389)	(.3926)	1.5655
x Actual sales during month	Mcf	5207	9749	12427
= Monthly cost difference	\$	(2026)	(3827)	19454

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	13601
÷ Sales for 12 months ended <u>Dec 31, 2008.</u>	Mcf	96197
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.1414

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended Dec 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.	\$	(6010)
Less: Dollar amount resulting from the AA of <u>(.0011)</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>96197</u> Mcf during the 12-month period the AA was in effect.	\$	(5878)
Equals: Balance Adjustment for the AA.	\$	<u>(1188)</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>(132)</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)	 \$	 (132)
+ Sales for 12 months ended <u>Dec 31, 2007</u>	Mcf	<u>96197</u>
 = Balance Adjustment for the Reporting Period (to Schedule ID.)	 \$/Mcf	 (.0014)

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Sallye Branham  
President

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

	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>Total</u>
First MCF (Minimum Bill)	5.11	11.4491	16.5591
All over first MCF	4.2599	11.4491	15.709

**Constellation NewEnergy - Gas Division**

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 426-4500 Fax (502) 426-8600

Saliye Branham  
 606-886-2314  
 606/889-9995

**AUXIER ROAD GAS COMPANY  
 Estimated Citygate Prices If Bought Monthly**

Month	(A) NYMEX	(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)
Apr-08	\$9.8780	\$0.8200	0.98011	\$0.2127	\$11.1278	7,907	\$87,987.53
May-08	\$9.9300	\$0.8200	0.98011	\$0.2127	\$11.1809	4,059	\$45,383.10
Jun-08	\$9.9970	\$0.8200	0.98011	\$0.2127	\$11.2492	1,669	\$18,774.94
						13,635	\$152,145.56

WACOG = \$11.16

1.220  
 BTU conversion factor 1.220 x 11.19 = 13.65



0.\*

0.\*

36,004.08+

36,004.08\*

**CHESAPEAKE APPALACHIA, LLC**

900 Pennsylvania Avenue

P. O. Box 6070

Charleston, West Virginia 25362-0070

DD: 02/19/08  
1/08

CLIENT NO.: 089985-01  
CONTRACT NO.: SSE003  
INVOICE NUMBER: SSE0030802  
VOUCHER NUMBER: 00802579

Auxier Road Gas Company Inc. FAX: 606-889-9995  
P.O. Box 785

Prestonburg, KY 41653  
Estil Branham

ION

DTH

BILLING  
RATE

AMOUNT

DATE

Current volumes SEQ. 1  
837016 SEQ. 2

2,144  
2,290

\$8.12  
\$8.12

\$17,409.28  
\$18,594.80

1/08

*1.2499*  
*10.1492*

**\*\* INVOICE AMOUNT DUE \*\***

**\$36,004.08**

**\*\* NET AMOUNT DUE ON OR BEFORE MARCH 14, 2008\*\***

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

*Pd*  
*2/1/08*  
*CR#026567*