

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Sallye Branham  
President

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

MAY 29, 2009

RECEIVED

2009-00200

JUN 01 2009

JEFF DEROUEN  
EXECUTIVE DIRECTOR  
PUBLIC SERVICE COMMISSION  
P O BOX 615  
FRANKFORT, KY 40602

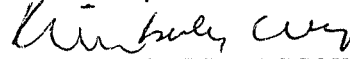
PUBLIC SERVICE  
COMMISSION

DEAR MR. DEROUEN:

I HAVE ENCLOSED THE GAS COST RECOVERY FILING FOR AUXIER ROAD GAS TO BE EFFECTIVE FOR THE MONTH OF JULY 2009. I WOULD LIKE TO REQUEST A WAIVER FROM THE 30-DAY REQUIREMENT NOTICE TO A 20-DAY REQUIREMENT NOTICE DUE TO THE TRANSITION OF A MONTHLY GCR FROM A QUARTERLY GCR. ALSO, I HAVE INCLUDED FOUR MONTHS OF ACTUAL ADJUSTMENTS TO TRANSITION TO OUR NEW TARIFF.

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

SINCERELY,



KIMBERLY CRISP, ACCOUNTANT

Auxier Road Gas

MONTHLY  
QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

RECEIVED

JUN 01 2009

PUBLIC SERVICE  
COMMISSION

Date Filed:

May 29, 2009

Date Rates to be Effective:

July 1, 2009

Reporting Period is Calendar <sup>monthly</sup> ~~Quarter~~ Ended:

April 30, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.9843
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(2.4882)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	<u>3.4961</u>

GCR to be effective for service rendered from July 1, 2009 to July 31, 2009.

<b>A.</b>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	608959
	+ Sales for the 12 months ended <u>April 30, 2009</u>	Mcf	181759
	= Expected Gas Cost (EGC)	\$/Mcf	<u>5.9843</u>
<b>B.</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	
	= Refund Adjustment (RA)	\$/Mcf	<u>          </u>
<b>C.</b>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.4141
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(1.6202)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2895)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.3138)
	= Actual Adjustment (AA)	\$/Mcf	<u>(1.6788)</u>
			(2.4882)
<b>D.</b>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
	= Balance Adjustment (BA)	\$/Mcf	<u>          </u>

SCHEDULE II  
 EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended April 30, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			34882	6.34	221152
Constellation			34882	5.66	197432
AEI-KAATS			3484	3.10	10800
CHESAPEAKE Energy			21920	5.66	124067
NYTIS Exploration			9400	4.38	41172
CHESAPEAKE (Underbilled)			5545	5.66	31385
Totals			<u>110113</u>		<u>626008</u>

Line loss for 12 months ended April 30, 2009 is .08 % based on purchases of 110113 Mcf and sales of 101759 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	626008
+ Mcf Purchases (4)	Mcf	110113
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.6851
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	107115
= Total Expected Gas Cost (to Schedule IA.)	\$	608959

\*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 April 30, 2009

<u>Particulars</u>	<u>Unit</u>	Month 1 (Jan)	Month 2 (Feb)	Month 3 (Mar)	Month 4 (April)
Total Supply Volumes Purchased	Mcf	18277	14011	10698	6934
Total Cost of Volumes Purchased	\$	193404	182407	102774	21205
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	17363	13772	10695	7176
= Unit Cost of Gas	\$/Mcf	11.1389	13.2448	9.6095	2.9550
- EGC in effect for month	\$/Mcf	9.6551	9.6551	9.6551	7.2835
= Difference [(Over-)/Under-Recovery]	\$/Mcf	1.4838	3.5897	(0.0456)	(4.3285)
x Actual sales during month	Mcf	16341	13772	10695	7176
= Monthly cost difference	\$	24247	49437	(4881)	(31001)

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	42135
÷ Sales for 12 months ended <u>April 30, 2009</u>	Mcf	101759
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.4141

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended April 30, 2009

<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 _____ \$/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 AA was in effect. Equals: Balance Adjustment for the AA.	\$  \$  \$	     _____
(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.	\$  \$  \$	     _____
(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.	\$  \$  \$	     _____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended _____	Mcf	_____
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	— 0 —

# 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 MCE (MINIMUM BILL)	6.36	3.4961	9.8561
ALL OVER FIRST MCE	5.0645	3.4961	8.5606

**Constellation NewEnergy - Gas Division**

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 426-4500 Fax: (502) 426-8800

Sally 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 2008 Consumption)</small>	(G) Total Cost Monthly (E*F)
Jul-09	\$4.3000	\$0.6000	0.97872	\$0.2267	\$5.2332	3,199	\$16,741.13
					6.34		

3,199 \$16,741.13

1211

WACOG = \$5.23

6.34



**CONSTELLATION NEWENERGY – GAS DIVISION, LLC**  
**TRANSACTION CONFIRMATION**  
**FOR IMMEDIATE DELIVERY**



**Constellation  
NewEnergy™**  
Gas Division

**Date:** April 2, 2009

**Transaction Confirmation #:** NGFF15307462PR

**Facility:** Prestonsburg, KY

This Transaction Confirmation is subject to the Base Contract between CNEG and Customer dated **May 1, 2006**. The terms of this Transaction Confirmation are binding unless disputed in writing within two (2) Business Days of receipt unless otherwise specified in the Base Contract.

Constellation NewEnergy – Gas Division, LLC  
9960 Corporate Campus Drive, Suite 2000  
Louisville, KY 40223  
Attn: Contract Administration  
Phone: (502) 214-6340/6341  
Fax: (502) 214-6381  
Base Contract No. AES07269  
Transporter:  
Transporter Contract Number:

Auxier Road Gas Company  
P.O. Box 785  
Prestonsburg, KY 41653  
Attn: Susan Crum  
Phone: (606) 886 – 2314  
Fax: (606) 889 - 0770  
Base Contract No.  
Transporter:  
Transporter Contract Number:

Delivery Period: Begin: May 1, 2009 End: March 31, 2010

Performance Obligation: Firm

Fixed Quantity and Price:

Month/Year	Quantities In MMBtus	NYMEX Price Per MMBtu
May-09	2,625	\$4.1100
June-09	1,790	\$4.1100
July-09	1,600	\$4.1100
August-09	1,500	\$4.1100
September-09	1,135	\$4.1100
October-09	2,767	\$4.1100
November-09	1,966	\$5.6000
December-09	3,153	\$5.6000
January-10	2,951	\$5.6000
February-10	1,288	\$5.6000
March-10	1,750	\$5.6000

*The above referenced price represents the NYMEX portion of the purchase price and does not include applicable basis to the delivery point.*

Incremental Quantities & Price: For all additional gas quantities required by Customer, in excess of the nominated volumes each month, or for gas quantities bought back from Customer by CNEG due to Customer's requirements being less than the nominated volumes each month, the price for such additional purchases or buybacks shall be based on the then-current spot market price, as determined by CNEG in its reasonable discretion.

Delivery Point/Point of Sale: Auxier Road Gas – TCO MTR# 804637

Special Conditions: None

CONSTELLATION NEWENERGY – GAS DIVISION, LLC

AUXIER ROAD GAS COMPANY

By: Brian Franz

By: Deezye Branham

Title: VP - Gas Operations

Title: President

Date: 4.2.09

Date: \_\_\_\_\_

**CONSTELLATION NEWENERGY – GAS DIVISION, LLC**  
TRANSACTION CONFIRMATION  
FOR IMMEDIATE DELIVERY



**Constellation  
NewEnergy™**  
Gas Division

Date: April 9, 2009

Transaction Confirmation #: B75Z4EAH2

Facility: Prestonsburg, KY

This Transaction Confirmation is subject to the Base Contract between CNEG and Customer dated **May 1, 2006**. The terms of this Transaction Confirmation are binding unless disputed in writing within two (2) Business Days of receipt unless otherwise specified in the Base Contract.

Constellation NewEnergy – Gas Division, LLC  
9960 Corporate Campus Drive, Suite 2000  
Louisville, KY 40223  
Attn: Contract Administration  
Phone: (502) 214-6340/6341  
Fax: (502) 214-6381  
Base Contract No. AES07269  
Transporter: \_\_\_\_\_  
Transporter Contract Number: \_\_\_\_\_

Auxier Road Gas Company  
P.O. Box 785  
Prestonsburg, KY 41653  
Attn: Susan Crum  
Phone: (606) 886 – 2314  
Fax: (606) 889 - 0770  
Base Contract No. \_\_\_\_\_  
Transporter: \_\_\_\_\_  
Transporter Contract Number: \_\_\_\_\_

Delivery Period: Begin: May 1, 2009 End: March 31, 2010

Performance Obligation: Firm

Fixed Quantity and Price:

Month/Year	Quantities In MMBtus	Basis per MMBtu
May-09	2,625	\$0.5650
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December-09	3,153	\$0.5650
January-10	2,951	\$0.5650
February-10	1,288	\$0.5650
March-10	1,750	\$0.5650

*The above referenced price represents basis only and it does not include any applicable commodity price.*

Incremental Quantities & Price: For all additional gas quantities required by Customer, in excess of the nominated volumes each month, or for gas quantities bought back from Customer by CNEG due to Customer's requirements being less than the nominated volumes each month, the price for such additional purchases or buybacks shall be based on the then-current spot market price, as determined by CNEG in its reasonable discretion.

Delivery Point/Point of Sale: Auxier Road Gas – TCO MTR# 804637

Special Conditions: None

CONSTELLATION NEWENERGY – GAS DIVISION, LLC  
By: Brian Franz  
Title: VP - Gas Operations  
Date: 4-10-09

AUXIER ROAD GAS COMPANY  
By: Saeze Branham  
Title: President  
Date: \_\_\_\_\_

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

DATE: 05/20/09  
 BUS. PERIOD: 04/09

CLIENT NO.: 884268  
 CONTRACT NO.: SSE003  
 INVOICE NUMBER: SSE0030905  
 VOUCHER NUMBER: 00905534  
 AP1ESIA INVOICE NUMBER: SSE30905

NAME: Auxler Road Gas Company Inc. FAX: 606-888-8095  
 ADDRESS: P.O. Box 735  
 CITY: Prestonburg, KY 41653  
 ATTN: Estlin Branham

DESCRIPTION		<u>DTH</u>	<u>BILLING RATE</u>	<u>AMOUNT</u>	<u>DATE</u>
Current Volumes	SEQ. 1	1,285	\$4.53	\$5,814.12	04/09
	SEQ. 2	1,545	\$4.53	\$6,997.13	04/09
		<u>2,828</u>			

*12,499*

*X:2499  
 =  
 5.66*

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

**\$12,811.25**

**\*\* NET AMOUNT DUE ON OR BEFORE JUNE 5, 2009 \*\***

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