

# Auxier Road Gas Company, Inc.

Box 785  
Prestonsburg, Kentucky 41653

Sallye Branham  
President

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

January 27, 2010

RECEIVED

JAN 29 2010

PUBLIC SERVICE  
COMMISSION

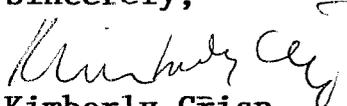
Jeff Derouen  
Executive Director  
Public Service Commission  
P O Box 615  
Frankfort, KY 40602

Re: Gas Cost Recovery

2010-00040

Please find enclosed the gas cost recovery for March 1, 2010.  
If you have any questions, please call us at the above number.

Sincerely,

  
Kimberly Crisp

Auxier Rd Gas Co

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

January 27, 2009

Date Rates to be Effective:

March 1, 2010

Reporting Period is Calendar Quarter Ended:

December 31, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.6150
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(1.505)
+ Balance Adjustment (BA)	\$/Mcf	.0068
= Gas Cost Recovery Rate (GCR)	\$/Mcf	6.1168

GCR to be effective for service rendered from March 1, 2010 to March 31, 2010

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	742550
+ Sales for the 12 months ended <u>Dec 31, 2009</u>	Mcf	97511
= Expected Gas Cost (EGC)	\$/Mcf	7.6150

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	
= Refund Adjustment (RA)	\$/Mcf	

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0085)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0503
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0072)
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.015
= Actual Adjustment (AA)	\$/Mcf	(.0085)

D. BALANCE ADJUSTMENT CALCULATION

	<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	.0068
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
= Balance Adjustment (BA)	\$/Mcf	.0068

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended Dec 31, 2009

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Constellation			32974	8.6415	284945
Constellation			32974	7.54	248624
Oei-Kaaw			4072	3.10	12623
Chesapeake			23217	6.01	139534
Nite Exploration			9006	4.38	39446
Chesapeake (unsubscribed)			5545	6.01	33325
<b>Totals</b>			<u>107788</u>		<u>758497</u>

Line loss for 12 months ended Dec. 31, 2009 is 6.9 % based on purchases of 104848 Mcf and sales of 97511 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	758497
+ Mcf Purchases (4)	Mcf	104848
= Average Expected Cost Per Mcf Purchased	\$/Mcf	7.2343
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	102643
= Total Expected Gas Cost (to Schedule IA.)	\$	742550

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.  
\*\*Supplier's tariff sheets or notices are attached.

Note: Excluded in purchases is 2940 mcf that was due to a line break by county.

6/9/09 1470  
 8/14/09 1470  
2940

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended DEC 31, 2009

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(DEC)</u>	<u>Month 2</u> <u>( )</u>	<u>Month 3</u> <u>( )</u>
Total Supply Volumes Purchased	Mcf	16369		
Total Cost of Volumes Purchased	\$	98965		
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	15551		
= Unit Cost of Gas	\$/Mcf	6.3639		
- EGC in effect for month	\$/Mcf	6.8088		
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(.4449)		
x Actual sales during month	Mcf	15019		
= Monthly cost difference	\$	(6682)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(6682)
÷ Sales for 12 months ended <u>DEC 31, 2009</u>	Mcf	97511
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0685)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended Dec 31, 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.	\$	<hr/>
(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.	\$	<hr/>
(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.	\$	<hr/>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	<hr/>
+ Sales for 12 months ended _____	Mcf	<hr/>
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	- 0 -

	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>total</u>
First MCE (Minimum Bill)	6.36	6.1168	12.4768
All over First MCE	5.0645	6.1168	11.1813

**Constellation NewEnergy - Gas Division**

9990 Corporate Campus Dr. Suite 2000, Louisville, KY 40223  
 Phone: (502) 428-4500 Fax: (502) 428-8000

Sally Branham  
 808-886-2314  
 808-759-0401

**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 2009 Consumption)</small>	(G) Total Cost Monthly (E*F)
Mar-10	\$6.0000	\$0.7100	0.97871	\$0.2098	\$7.0658	7.156	\$50,562.60

7.156      \$60,562.60  
 WACOG = \$7.07

*X 1.257  
 = 8.9415*

**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  
 By: Brian Franz  
 Title: Brian Franz  
VP - Gas Operations  
 Date: 4.2.09

AUXIER ROAD GAS COMPANY  
 By: Jacelyne Branham  
 Title: President  
 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
June-09	1,790	\$0.5650
July-09	1,600	\$0.5650
August-09	1,500	\$0.5650
September-09	1,135	\$0.5650
October-09	2,767	\$0.5650
November-09	1,966	\$0.5650
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: Suzanne Branham  
 Title: President  
 Date: \_\_\_\_\_