

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

Office (606) 886-2314
Fax (606) 889-9196

OCTOBER 28, 2010

RECEIVED

OCT 29 2010

PUBLIC SERVICE
COMMISSION

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

RE: GAS COST RECOVERY

PLEASE FIND ENCLOSED THE GAS COST RECOVERY FOR DECEMBER 1, 2010.
IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT THE ABOVE NUMBER.

SINCERELY,



KIMBERLY R. CRISP
ACCOUNTANT

Aurora Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

RECEIVED

OCT 29 2010

PUBLIC SERVICE
COMMISSION

Date Filed:

October 28, 2010

Date Rates to be Effective:

December 1, 2010

Reporting Period is Calendar Quarter Ended:

September 30, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.3286
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.5075)
+ Balance Adjustment (BA)	\$/Mcf	(.0065)
= Gas Cost Recovery Rate (GCR)	\$/Mcf	5.8146

R to be effective for service rendered from Dec 1, 2010 to Dec 31, 2010.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	656159
Sales for the 12 months ended <u>September 30, 2010</u>	Mcf	103680
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	6.3286

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	

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.071) (.1776)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0350) .0826
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0392) .0525
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0526) (.0685)
Actual Adjustment (AA)	\$/Mcf	(.145) .0503
	\$/Mcf	(.2042) .0012
	\$/Mcf	(.5075)

BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
Previous Quarter Reported Balance Adjustment	\$/Mcf	.003
Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0095)
Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>Balance Adjustment (BA)</u>	\$/Mcf	(.0065)

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended September 30, 2010

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) (4)x(5) <u>Cost</u>
Constellation New Energy			90216	6.21	560241
Azi-KAAS			4235	3.10	13129
Chesapeake Energy			45	7.82	352
Nutis Exploration			9568	4.38	41908
Chesapeake Energy (Underbilled)			5545	7.82	43362
<u>Totals</u>			<u>109609</u>		<u>658992</u>

Line loss for 12 months ended September 30, 2010 is 5.4 % based on purchases of 109609 Mcf and sales of 103680 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	658992
<u>Mcf Purchases (4)</u>	Mcf	<u>109609</u>
Average Expected Cost Per Mcf Purchased	\$/Mcf	6.0122
<u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>109137</u>
Total Expected Gas Cost (to Schedule IA.)	\$	656153

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

SCHEDULE IV
ACTUAL ADJUSTMENT

the 3 month period ended September 30, 2010

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>(Sept)</u>	Month 2 <u>()</u>	Month 3 <u>()</u>
Total Supply Volumes Purchased	Mcf	3927		
Total Cost of Volumes Purchased	\$	18925		
Total Sales (may not be less than 95% of supply volumes)	Mcf	3734		
<u>Unit Cost of Gas</u>	\$/Mcf	5.0683		
<u>EGC in effect for month</u>	\$/Mcf	7.0510		
Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.982)		
<u>Actual sales during month</u>	Mcf	3734		
Monthly cost difference	\$	(7403)		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(7403)
Sales for 12 months ended <u>Sept 30, 2010</u>	Mcf	103680
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.071)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____

<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	_____

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	<u>BASE RATE</u>	<u>GAS COST RECOVERY</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	6.36	5.8146	\$ 12.1746
ALL OVER FIRST MCF	5.0645	5.8146	10.8791

Constellation NewEnergy - Gas Division

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

Kentucky Frontier Gas
 606-886-2431
 606-889-9196

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)
Dec-10	\$4.0300	\$0.7000	0.97938	\$0.2098	\$5.0394	18,644	\$93,954.31

18,644 \$93,954.31

WACOG = \$5.04

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