

Auxier Road Gas Co., Inc.
Post Office Box 785
Prestonsburg, Kentucky 41653

Sallye M. Branham, President

Phone 606-886-2314
Facsimile 606-889-9995

November 26, 2008

RECEIVED

DEC 01 2008
PUBLIC SERVICE
COMMISSION

2008-00496

Stephanie Stumbo
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

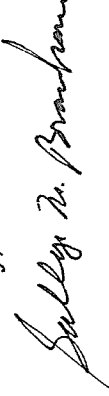
RE: Gas Cost Recovery Filing
1st Quarter 2009

Dear Ms. Stumbo:

I have enclosed the Gas Cost Recovery filing for Auxier Road Gas Co., Inc. to be effective for the period January 1, 2009 through March 31, 2009.

If you have any questions please do not hesitate to contact me at 606-886-2314.

Sincerely,



Sallye M. Branham

sc/SMB

Quiver Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

November 26, 2008

Date Rates to be Effective:

January 1, 2009

Reporting Period is Calendar Quarter Ended:

September 30, 2008

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)		9.6551
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(1.7614)
+ Balance Adjustment (BA)	\$/Mcf	(.0014)
= Gas Cost Recovery Rate (GCR)	\$/Mcf	<u>7.8863</u>

GCR to be effective for service rendered from Jan to March

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	975398
+ Sales for the 12 months ended <u>Sept 30, 2008</u>	Mcf	97917
= Expected Gas Cost (EGC)	\$/Mcf	<u>9.6551</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	
= Refund Adjustment (RA)	\$/Mcf	

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.2895)
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.3138)
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.063
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.5483)
= Actual Adjustment (AA)	\$/Mcf	<u>(.0783)</u>
	\$/Mcf	(.7674)

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.001
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.018)
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.017
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0014)
= Balance Adjustment (BA)	\$/Mcf	<u>(.0014)</u>

SCHEDULE II

EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended Sept 30, 2008

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			70070	9.94	696486
Aei-KARLS			5040	3.10	15624
Chesapeake Energy			14008	10.42	145963
Nyctis Exploration			9929	4.38	43488
Chesapeake (undivided)			5545	10.42	57779

Totals

959351

104592

Line loss for 12 months ended Sept 30, 2008 is .06¢ based on purchases of 104592 Mcf and sales of 97917 Mcf.

Total Expected Cost of Purchases (6)

+ Mcf Purchases (4)

= Average Expected Cost Per Mcf Purchased

x Allowable Mcf Purchases (must not exceed Mcf sales + .95)

= Total Expected Gas Cost (to Schedule IA.)

Unit	Amount
\$	959351
Mcf	104592
\$/Mcf	9.1723
Mcf	103071
\$	945398

*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 Sept 30, 2008

Particulars	Unit	Month 1 (July)	Month 2 (Aug)	Month 3 (Sept)
Total Supply Volumes Purchased	Mcf	3949	3904	4077
Total Cost of Volumes Purchased	\$	44534	52702	40735
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3752	3709	3873
= Unit Cost of Gas	\$/Mcf	11.8694	14.2092	10.5177
- EGC in effect for month	\$/Mcf	14.8665	14.8665	14.8665
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(2.9971)	(0.6573)	(4.3488)
x Actual sales during month	Mcf	3612	3597	3486
= Monthly cost difference	\$	(10826)	(2364)	(15160)

Total cost difference (Month 1 + Month 2 + Month 3)

÷ Sales for 12 months ended Sept 30, 2008

Unit	Amount
\$	(28350)
Mcf	9797
\$/Mcf	(2.895)

= Actual Adjustment for the Reporting Period
(to Schedule IC.)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended Sept 30, 2008

<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 <u>10530</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>9717</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$	5302
(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 <u> </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> </u> Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$	112
(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 <u> </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> </u> Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$	112
Total Balance Adjustment Amount (1) + (2) + (3)	\$	9797
+ Sales for 12 months ended <u>Sept 30, 2008</u>	Mcf	9797
= Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	1001

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</u> REC	<u>TOTAL</u>
First Mcf (Minimum Bill)	5.11	7.8863	12.9963
All over first Mcf	4.2599	7.8863	12.1462

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

QUANTITY
10.00

CLIENT NO.: 894260
 CONTRACT NO.: SSE003
 INVOICE NUMBER: SSE0030811
 VOUCHER NUMBER: 00811579

DATE

BUYER: Aiken Feed Co. - Chesapeake Inc.
 P. O. Box 185
 Prestonburg, KY 41364
 Bill To: Prestonburg

TAX: 606 990 998E

pd
 11/18/08
 ck# 027225

	QTY	BILLING RATE	AMOUNT	DATE
SEO	04	\$8.34	\$433.68	10/08
SPY 2	55	\$8.34	\$458.70	10/08
	107			

X 1.2499

10.424

** INVOICE AMOUNT DUE ** \$892.38

** NET AMOUNT DUE ON OR BEFORE DECEMBER 5, 2008 **

Mark 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

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)
Jan-09	\$6.8810	\$0.8500	0.97846	\$0.2157	\$8.1169 9.91	14,968	\$121,493.63
Feb-09	\$6.9290	\$0.8500	0.97846	\$0.2157	\$8.1659 9.97	11,328	\$92,503.86
Mar-09	\$6.8990	\$0.8500	0.97846	\$0.2157	\$8.1353 9.93	8,751	\$71,191.90
						35,047	\$285,189.40

WACOG = \$8.14

1.221
 = 9.94