

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Sallye Branham
President

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

SEPTEMBER 30, 2009

RECEIVED

OCT 01 2009

PUBLIC SERVICE
COMMISSION

Jeff Derousen, Executive Director
Public Service Commission
P O BOX 615
Frankfort, ky 40602

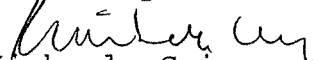
2009-00400

Dear Mr. Derouen:

Please find enclosed our gas cost recovery for November 1, 2009.

If you have any questions, please call us at the above number.

Sincerely,


Kimberly Crisp

Onyx Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

September 30, 2009

Date Rates to be Effective:

November 1, 2009

Reporting Period is Calendar Quarter Ended:

August 31, 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.8584
+ Refund Adjustment (RA)	\$/Mcf	(2.4217)
+ Actual Adjustment (AA)	\$/Mcf	.0068
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)	\$/Mcf	4.4435

GCR to be effective for service rendered from Nov 1, 2009 to Nov 30, 2009.

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	687535
	+ Sales for the 12 months ended <u>Oct 31, 2009</u>	Mcf	100247
	= Expected Gas Cost (EGC)	\$/Mcf	6.8584
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	
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.10072)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0470)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0993)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0003)
	= Actual Adjustment (AA)	\$/Mcf	(.2473)
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.0098
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0015)
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(.0015)
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
	= Balance Adjustment (BA)	\$/Mcf	.0068

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended August 31, 2009

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation			32142	7.66	246208
Constellation			32142	7.58	243636
Oil-Koch			3418	3.10	10596
Chesapeake Energy			25816	5.24	135276
Netco Exploration			9049	4.38	39635
Chesapeake Energy (Underbilled)			5545	5.24	29056
Totals			<u>108112</u>		<u>704407</u>

Line loss for 12 months ended Aug 31, 2009 is 7.3 % based on purchases of 108112 Mcf and sales of 100247 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	704407
+ Mcf Purchases (4)	Mcf	108112
= Average Expected Cost Per Mcf Purchased	\$/Mcf	6.5155
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	105523
= Total Expected Gas Cost (to Schedule IA.)	\$	687535

*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 Aug 31, 2009

Particulars	Unit	Month 1 (AUG)	Month 2 ()	Month 3 ()
Total Supply Volumes Purchased	Mcf	3519		
Total Cost of Volumes Purchased	\$	9312		
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3343		
= Unit Cost of Gas	\$/Mcf	2.7855		
- EGC in effect for month	\$/Mcf	5.8471		
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(3.0616)		
x Actual sales during month	Mcf	3298		
= Monthly cost difference	\$	(10097)		

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(10097)
÷ Sales for 12 months ended <u>Aug 31, 2009</u>	Mcf	100247
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.10072)

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	 _____

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	4.4435	10.8035
ALL Over First MCE	5.0645	4.4435	9.508

Constellation NewEnergy - Gas Division

9963 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
 Phone: (502) 428-4500 Fax: (502) 426-9800

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)
Nov-09	\$5.1980	\$0.7000	0.97871	\$0.2098	\$6.2361	9,832	\$61,313.33

9,832 \$61,313.33

WACOG = \$6.24

1.229
 7.66

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: Jessye Branham
 Title: President
 Date: _____

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



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: Salleye Branham
 Title: President
 Date: _____

0**

4:550-030
4:550-030

CHESAPEAKE APPALACHIA, LLC
777 N.W. Grand Boulevard
P. O. Box 18496
Oklahoma City, OK 73154-0496

pd
9/30/09

8/29/09
Aug-09

CLIENT NO. 884266
CONTRACT NO. SSE003
INVOICE NUMBER SSE0030909
VOUCHER NUMBER 00909534
ARTESIA INVOICE NUMBER SSE30909

Chesapeake Gas Company Inc.
P. O. Box 785

FAX 606-889-9995

Winstonburg, KY 41653
Bill Branham

CHK # 028141

DESCRIPTION	DTH	BILLING RATE	AMOUNT	DATE
Meter 837016-01 (Martin Co FED Prison) @ TCO Index Plus \$0.66	547.63	\$4.14	\$2,267.19	Aug-09
Meter 837016-02 (Martin Co FED Prison) @ TCO Index Plus \$0.66	551.41	\$4.14	\$2,282.84	Aug-09
	1,099.04			

869 met's
5.24 met's

** INVOICE AMOUNT DUE **

\$4,550.03

** NET AMOUNT DUE ON OR BEFORE

October 15, 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

GAS VOLUME STATEMENT

CLOSED DATA

Measured Conditions
In Service
83701601 --- MARTIN CO FED PRIS SEQ 1 SLS MTR
August, 2009

Pressure Base: 14 730 psia Temperature Base: 60 00 °F HV Cond: Dry Meter Type: EFM Contract Hr.: 10 AM
Water Vapor Corr. Technique: Water Vapor Corr. Method:

CO2	N2	H2O	H2S	O2	He	C1	C2	C3	I-C4	N-C4	I-C5	N-C5	C6+
0.054	1.429	0.000	0.0000	0.000	0.000	76.573	12.915	6.457	0.384	1.497	0.215	0.240	0.236
Meter Size		Fixed Factor					Atmos. Pressure		Calc. Method		Fpv Method		
8.071 in		1.000					14.400 psi		AGA7		AGA8-Detail		

Day	Pulses (Counts)	Pressure (PSIG)	Temperature (°F)	Raw Volume (Mcf)	Relative Density	K-Factor (pulses/ cu ft)	Volume (Mcf)	Heating Value (BTU/scf)	Energy (MMBTU)
1	177,021	62.77	80.18	2	0.7301	100.000	9.03	1263.51	11.41
2	222,971	62.31	74.65	2	0.7301	100.000	11.44	1263.51	14.45
3	254,241	61.88	78.06	3	0.7301	100.000	12.88	1263.51	16.27
4	307,408	61.61	68.35	3	0.7301	100.000	15.81	1263.51	19.98
5	311,888	61.40	70.29	3	0.7301	100.000	15.94	1263.51	20.14
6	285,361	61.54	74.72	3	0.7301	100.000	14.48	1263.51	18.30
7	245,978	61.55	78.78	2	0.7301	100.000	12.39	1263.51	15.65
8	206,115	62.16	82.25	2	0.7301	100.000	10.40	1263.51	13.14
9	231,042	61.78	85.75	2	0.7301	100.000	11.52	1263.51	14.55
10	172,653	62.33	83.63	2	0.7301	100.000	8.70	1263.51	10.99
11	192,667	62.59	80.23	2	0.7301	100.000	9.81	1263.51	12.40
12	284,331	62.00	76.02	3	0.7301	100.000	14.49	1263.51	18.31
13	328,450	61.70	76.07	3	0.7301	100.000	16.66	1263.51	21.05
14	165,533	62.07	80.68	2	0.7301	100.000	8.36	1263.51	10.57
15	247,367	62.24	83.85	2	0.7301	100.000	12.46	1263.51	15.74
16	263,357	62.18	84.89	3	0.7301	100.000	13.22	1263.51	16.70
17	200,154	62.12	83.16	2	0.7301	100.000	10.07	1263.51	12.73
18	155,285	62.68	79.40	2	0.7301	100.000	7.93	1263.51	10.02
19	132,446	63.34	79.71	1	0.7301	100.000	6.82	1263.51	8.61
20	280,011	62.43	80.85	3	0.7301	100.000	14.22	1263.51	17.96
21	213,617	62.48	78.16	2	0.7301	100.000	10.91	1263.51	13.78
22	307,798	62.34	72.97	3	0.7301	100.000	15.85	1263.51	20.02
23	445,316	61.42	69.14	4	0.7301	100.000	22.82	1263.51	28.83
24	380,087	60.97	74.02	4	0.7301	100.000	19.17	1263.51	24.22
25	275,246	61.68	80.13	3	0.7301	100.000	13.84	1263.51	17.49
26	296,959	62.05	81.57	3	0.7301	100.000	14.99	1263.51	18.94
27	352,276	61.67	80.31	4	0.7301	100.000	17.71	1263.51	22.38
28	314,105	61.92	75.53	3	0.7301	100.000	15.99	1263.51	20.21
29	374,409	61.71	72.55	4	0.7301	100.000	19.14	1263.51	24.18
30	472,511	60.82	69.56	5	0.7301	100.000	23.98	1263.51	30.30
31	442,194	60.54	68.72	4	0.7301	100.000	22.40	1263.51	28.31
TOTAL	8,538,797	61.80	76.45	85	0.7301		433.42		547.63