

Auxier Road Gas Company, Inc.

Box 408
Prestonsburg, Kentucky 41653

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

JULY 27, 2010

RECEIVED

JUL 28 2010

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

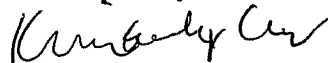
PUBLIC SERVICE
COMMISSION

Case No. 2010-00308

RE: GAS COST RECOVERY

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

SINCERELY,



KIMBERLY R. CRISP
ACCOUNTANT

Auxier Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

July 27, 2010

Date Rates to be Effective:

September 1, 2010

Reporting Period is Calendar Quarter Ended:

June 30, 2010

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.0510
Refund Adjustment (RA)	\$/Mcf	
Actual Adjustment (AA)	\$/Mcf	(.5445)
Balance Adjustment (BA)	\$/Mcf	
<u>Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>6.5065</u>

Effective for service rendered from Sept 1, 2010 to Sept 30, 2010.

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (Schedule II)	\$	732026
for the 12 months ended <u>June 30, 2010</u>	Mcf	103819
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>7.0510</u>

REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
Previous Quarter Supplier Refund Adjustment	\$/Mcf	
and Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<u>Previous Quarter Supplier Refund Adjustment</u>	\$/Mcf	
<u>Refund Adjustment (RA)</u>	\$/Mcf	

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0536) (.0685)
Previous Quarter Reported Actual Adjustment	\$/Mcf	(.045) (.0503)
and Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2042) (.10072)
<u>Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	<u>(.1776) (.0965)</u>
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(.0826) (.0012)</u>
	\$/Mcf	(.5445)

BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
Previous Quarter Reported Balance Adjustment	\$/Mcf	
and Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>Previous Quarter Reported Balance Adjustment</u>	\$/Mcf	
<u>Balance Adjustment (BA)</u>	\$/Mcf	

SCHEDULE II
 EXPECTED GAS COST

total* Mcf Purchases for 12 months ended June 30, 2010

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation New Energy			87987	7.01	616789
Oel-Koels			4301	3.10	13333
Chesapeake Energy			2121	7.82	16586
Mits Exploration			9580	4.38	41960
Chesapeake (underwired)			5545	7.82	43362
			<u>109534</u>		<u>732030</u>

loss for 12 months ended June 30, 2010 is 3.9 % based on purchases of 108064 Mcf and sales of 103819 Mcf.

	Unit	Amount
total Expected Cost of Purchases (6)	\$	732030
<u>Purchases (4)</u>	Mcf	<u>108064</u>
average Expected Cost Per Mcf Purchased	\$/Mcf	6.7740
<u>allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	<u>108064</u>
total Expected Gas Cost (to Schedule IA.)	\$	732026

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

Note: Excluded in purchases 1470 Mcf.
 8/14/09 - 1470

SCHEDULE IV
ACTUAL ADJUSTMENT

for the 3 month period ended June 30, 2010

Particulars	Unit	Month 1 (June)	Month 2 ()	Month 3 ()
Total Supply Volumes Purchased	Mcf	3785		
Total Cost of Volumes Purchased	\$	19887		
Total Sales (may not be less than 95% of supply volumes)	Mcf	3622		
Unit Cost of Gas	\$/Mcf	5.4906		
IGC in effect for month	\$/Mcf	7.0272		
Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.5366)		
Actual sales during month	Mcf	3622		
Monthly cost difference	\$	(5566)		

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(5566)
Costs for 12 months ended <u>June 30, 2010</u>	Mcf	103819
Total Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0536)

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	_____

	<u>BASE RATE</u>	<u>GAS COST REC</u>	<u>TOTAL</u>
FIRST MCF (MINIMUM BILL)	6.36	6.5065	12.8665
ALL OVER FIRST MCF	5.0645	6.5065	11.5710

Constellation NewEnergy - Gas Division

9960 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
 Phone: (502) 426-4500 Fax: (502) 426-8600

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 2008 Consumption)</small>	(G) Total Cost Monthly (E*F)
Sep-10	\$4.8300	\$0.5650	0.97938	\$0.2098	\$5.7184	2,500	\$14,295.97

2,500 \$14,295.97

WACOG = \$5.72

1.225
 = 7.067