

# Auxier Road Gas Company, Inc.

Box 408  
Prestonsburg, Kentucky 41653

*Quinn*

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

August 27, 2010

RECEIVED

AUG 31 2010

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

2010-00344

PUBLIC SERVICE  
COMMISSION

Re: Gas Cost Recovery

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

Sincerely,

*Kimberly R. Crisp*  
Kimberly R. Crisp  
Accountant

Alexis Road Gas

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

August 27, 2010

Date Rates to be Effective:

October 1, 2010

Reporting Period is Calendar Quarter Ended:

July 31, 2010

## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.5068
Refund Adjustment (RA)	\$/Mcf	
Actual Adjustment (AA)	\$/Mcf	(.5837)
Balance Adjustment (BA)	\$/Mcf	.0003
<u>Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>5.9234</u>

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

EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	675369
Volumes for the 12 months ended <u>July 31, 2010</u>	Mcf	103794
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>6.5068</u>

REFUND ADJUSTMENT CALCULATION

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

ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0392) .0525
Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0536) (.0685)
Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.045) (.0503)
<u>Actual Adjustment (AA)</u>	\$/Mcf	<u>(.1378) (.1713)</u>
	\$/Mcf	<u>.0826 (.0965)</u>
	\$/Mcf	<u>.0012</u>
		<u>(.5837)</u>

BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<u>Balance Adjustment (BA)</u>	\$/Mcf	<u>_____</u>
	\$/Mcf	<u>.0003</u>

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended July 31, 2010

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Constellation New Energy			88799	6.39	567426
Qee-Kaaw			4269	3.10	13234
Chesapeake Energy			1213	7.82	9486
North Exploration			9558	4.38	41864
Chesapeake (underbilled)			5545	7.82	43362
Totals			<u>109384</u>		<u>675372</u>

Line loss for 12 months ended July 31, 2010 is 3.8 % based on purchases of 107914 Mcf and sales of 103794 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	675372
Mcf Purchases (4)	Mcf	107914
Average Expected Cost Per Mcf Purchased	\$/Mcf	6.2584
Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	107914
Total Expected Gas Cost (to Schedule IA.)	\$	675369

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

Note: Excluded in purchases is 1470 mcf's.

814109 - 1470

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended July 31, 2010

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(July)</u>	<u>Month 2</u> <u>( )</u>	<u>Month 3</u> <u>( )</u>
Total Supply Volumes Purchased	Mcf	3974		
Total Cost of Volumes Purchased	\$	20213		
Total Sales (may not be less than 95% of supply volumes)	Mcf	3608		
<u>Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>5.6023</u>		
<u>EGC in effect for month</u>	<u>\$/Mcf</u>	<u>6.7308</u>		
<u>Difference</u> <u>[(Over-)/Under-Recovery]</u>	<u>\$/Mcf</u>	<u>(1.1285)</u>		
<u>Actual sales during month</u>	<u>Mcf</u>	<u>3608</u>		
<u>Monthly cost difference</u>	<u>\$</u>	<u>(4072)</u>		

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(4072)
<u>Sales for 12 months ended July 31, 2010</u>	Mcf	<u>103794</u>
<u>Actual Adjustment for the Reporting Period</u> (to Schedule IC.)	<u>\$/Mcf</u>	<u>(.0392)</u>

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.

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	<u>Base Rate</u>	<u>Gas Cost Rec</u>	<u>TOTAL</u>
First MCF (Minimum Bill)	6.36	5.9234	12.2834
ALL OVER FIRST MCF	5.0645	5.9234	10.9879

**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)
Oct-10	\$4.1800	\$0.5550	0.97938	\$0.2098	\$5.0445	2,550	\$12,863.45

2,550      \$12,863.45

**WACOG = \$5.04**

X 1.267 = 6.39