

**Martin Gas Inc.  
P.O. Box 783  
Hindman, Kentucky 41844**

June 1, 2012

Mr Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

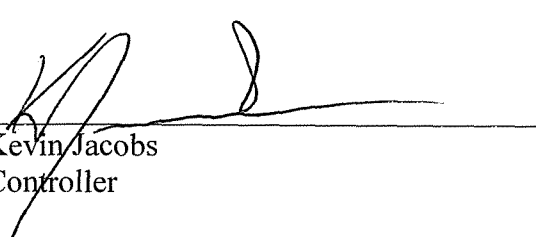
**RECEIVED**

MAY 31 2012

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

Please find enclosed our Quarterly Report of Gas Cost Recovery Rate Calculation and 10 copies.

  
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Kevin Jacobs  
Controller

Martin Gas Inc.

APPENDIX B

Page 1

Quarterly Report of Gas Cost  
Recovery Rate Calculation

RECEIVED

Date Filed:

June 1, 2012

MAY 31 2012

PUBLIC SERVICE  
COMMISSION

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Date Rates to Be Effective:

July 1 2012

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Reporting Period is Calendar Quarter Ended:

March 31 2012

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## SCHEDULE I

**GAS COST RECOVERY RATE SUMMARY**

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.0938
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.0076
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.0000
= Gas Cost Recovery Rate (GCR)		5.1014

GCR to be effective for service rendered from July 1 2012 to August 31 2012

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	178857.45
	+ <u>Sales for the 12 months ended</u> <u>03-31-12</u>	Mcf	<u>35113</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.0938
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (SHC. III)	\$/Mcf	
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ <u>Third Previous Quarter Supplier Refund Adjustment</u>	\$/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	0.0012
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0008
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0089
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	-0.0033
	= Actual Adjustment (AA)	\$/Mcf	0.0076
C.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	0.0000
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	0
	+ Second Previous Quarter Balance Adjustment	\$/Mcf	0
	+ <u>Third Previous Quarter Balance Adjustment</u>	\$/Mcf	0
	= Balance Adjustment (BA)	\$/Mcf	0.0000

SCHEDULE II

EXPECTED GAS COST

Actual \* MCF Purchases for 12 months ended 3-31-12

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	04/30/2011	2613.12	5.08028	13275.38
	05/31/2011	1607.27	5.07050	8149.66
	06/30/2011	1258.51	5.04662	6351.22
	07/31/2011	1567.27	5.00580	7845.44
	08/31/2011	1780.08	5.00629	8911.60
	09/30/2011	1426.53	5.00908	7145.60
	10/31/2011	2057.90	5.00428	10298.30
	11/30/2011	3977.69	5.00556	19910.58
	12/31/2011	5056.98	5.00230	25296.54
	1/31/2012	5401.67	5.02326	27133.97
	2/29/2012	6067.31	5.00587	30372.17
	3/31/2012	2834.10	4.99876	14166.99
<b>Totals</b>		<b>35648.43</b>	<b>5.0173</b>	<b>178857.45</b>

Line loss for 12 months ended 03-31-12 is -0.01502 based on purchases of 35648.43 Mcf and sales of 35113.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	178857.45
+ <u>Mcf Purchases (4)</u>	Mcf	<u>35648.43</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.0173
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>35648.43</u>
= Total Expected Gas Cost (to Schedule IA)	\$	178857.45

\* 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 December 31 2011

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>10-31-11</u>	<u>11-30-11</u>	<u>12-31-11</u>
Total Supply Volumes Purchased	Mcf	2057.90	3977.69	5056.98
Total Cost of Volumes Purchased	\$	10298.3	19910.58	25296.54
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	2057.90	3977.69	5056.98
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.00	5.01	5.00
- EGC in effect for month	\$/Mcf	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.004	0.006	0.002
<u>x Actual sales during month</u>	Mcf	<u>2057.90</u>	<u>3977.69</u>	<u>5056.98</u>
<u>= Monthly cost difference</u>	\$	8.80	22.13	11.64

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	42.57
+ <u>Sales for 12 months ended 03-31-12</u>	Mcf	35113.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	0.0012124

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next month 5.0744

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