

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

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NOV 29 2012


PUBLIC SERVICE
COMMISSION

November 28, 2012

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

Dear Mr. Derouen:

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



Kevin Jacobs
Controller

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: December 1, 2012

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NOV 29 2012

PUBLIC SERVICE
COMMISSION

Date Rates to Be Effective: January 1 2013

Reporting Period is Calendar Quarter Ended:

September 30 2012

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.0831
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	-0.0399
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		5.0432

GCR to be effective for service rendered from January 1 2013 to February 28 2013

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	174400.89
	+ <u>Sales for the 12 months ended</u> <u>09-30-12</u>	Mcf	<u>34310</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.0831
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	-0.0159
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	-0.0260
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0012
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0008
	= Actual Adjustment (AA)	\$/Mcf	-0.0399
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 9-30-12

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	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
	4/30/2012	2361.27	4.99245	11788.52
	5/31/2012	1850.16	4.99746	9246.10
	6/30/2012	1156.00	5.00000	5780.00
	7/31/2012	1311.88	4.99893	6558.00
	8/31/2012	1612.31	5.00342	8067.06
	9/30/2012	1156.63	4.99958	5782.66
Totals		34843.9	5.0052	174400.89

Line loss for 12 months ended 09-30-12 is -0.01532 based on purchases of
34843.9 Mcf and sales of 34310.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	174400.89
<u>+ Mcf Purchases (4)</u>	Mcf	<u>34843.9</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.0052
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>34843.90</u>
= Total Expected Gas Cost (to Schedule IA)	\$	174400.89

* 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 June 30 2012

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>4-30-12</u>	<u>5-31-12</u>	<u>6-30-12</u>
Total Supply Volumes Purchased	Mcf	2325.27	1850.16	1156.00
Total Cost of Volumes Purchased	\$	11608.52	9246.10	5780.00
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	2325.27	1850.16	1156.00
= Unit Cost of Gas	\$/Mcf	4.9923	4.9975	5.0000
- EGC in effect for month	\$/Mcf	5.0059	<u>5.0979</u>	<u>5.0979</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	-0.1056	-0.10044	-0.09790
<u>x Actual sales during month</u>	Mcf	<u>2325.27</u>	<u>1850.16</u>	<u>1156</u>
<u>= Monthly cost difference</u>	\$	-245.47	-185.83	-113.17
		Unit	Amount	
Total cost difference (Month 1 + Month 2 + Month 3)		\$	-544.48	
<u>+ Sales for 12 months ended 09-30-12</u>		Mcf	34310.00	
= Actual Adjustment for the Reporting Period (to Schedule C)		\$/Mcf	-0.0159	