

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

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DEC 2 2011

PUBLIC SERVICE  
COMMISSION

December 1, 2011

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

Dear Mr. Derouen:

Please find enclosed our original 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

RECEIVED  
DEC 2 2011  
PUBLIC SERVICE  
COMMISSION

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed: DECEMBER 1, 2011

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Date Rates to Be Effective: JANUARY 1 2012

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Reporting Period is Calendar Quarter Ended:

SEPTEMBER 30 2011

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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	5.0744
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.0142
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.0000
= Gas Cost Recovery Rate (GCR)		5.0886

GCR to be effective for service rendered from JANUARY 1 2012 to FEBRUARY 28 2012

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	209665.95
	+ <u>Sales for the 12 months ended</u> <u>09-30-11</u>	Mcf	<u>41318</u>
	= Expected Gas Cost (EGC)	\$/Mcf	5.0744

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	0.0089
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	-0.0033
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0079
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0007
	= Actual Adjustment (AA)	\$/Mcf	0.0142

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 09-30-11

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	10/31/2010	1666.00	5.14046	8564.00
	11/30/2010	3975.47	5.02260	19967.20
	12/31/2010	6909.00	5.00000	34545.00
	01/31/2011	8170.17	5.08757	41566.35
	02/28/2011	5978.71	5.05570	30226.57
	03/31/2011	4860.24	4.75654	23117.93
	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
<b>Totals</b>		<b>41812.37</b>	<b>5.0144</b>	<b>209665.95</b>

Line loss for 12 months ended 09-30-11 is -0.01182 based on purchases of 41812.37 Mcf and sales of 41318.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	209665.95
<u>+ Mcf Purchases (4)</u>	Mcf	<u>41812.37</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.0144
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>41812.37</u>
= Total Expected Gas Cost (to Schedule IA)	\$	209665.95

\* 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 2011

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>4-30-11</u>	<u>Month 2</u> <u>5-31-11</u>	<u>Month 3</u> <u>6-30-11</u>
Total Supply Volumes Purchased	Mcf	2613.12	1607.27	1258.51
Total Cost of Volumes Purchased	\$	13275.38	8149.66	6336.22
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	2613.12	1607.27	1258.51
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.08	5.07	5.03
- <u>EGC in effect for month</u>	\$/Mcf	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
= Difference <u>[(over-)/Under-Recovery]</u>	\$/Mcf	0.080	0.070	0.035
<u>x Actual sales during month</u>	Mcf	<u>2613.12</u>	<u>1607.27</u>	<u>1258.51</u>
= <u>Monthly cost difference</u>	\$	209.78	113.31	43.67

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	366.76
+ <u>Sales for 12 months ended 09-30-11</u>	Mcf	41318.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	0.0088765

FOR Area acquired from City of Hazard  
Community, Town or City

P.S.C. KY. NO. 2011-\_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Martin Gas Inc.  
(Name of Utility)

CANCELLING P.S.C. KY. NO. 2011-00311

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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CLASSIFICATION OF SERVICE

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Rate Schedule:

Availability of Service : For all Residential and Commercial Purposes.

Rate

	Base Rate	Gas Cost Recovery	Total
First 1 MCF	4.3976	5.0744	9.4720
Over 1 MCF	4.2808	5.0744	9.3552

Minimum Bill 9.4720

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DATE OF ISSUE December 1, 2011  
Month / Date / Year

DATE EFFECTIVE January 1, 2012  
Month / Date / Year

ISSUED BY Jed W. Weinberg  
(Signature of Officer)

TITLE Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED 12-1-11