

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

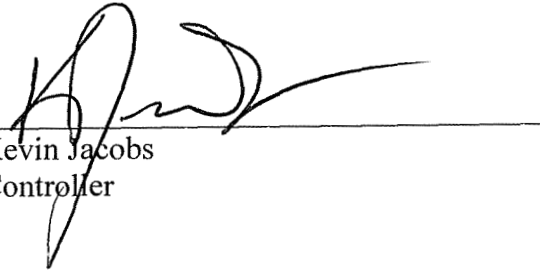
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MAR 2 2012  
PUBLIC SERVICE  
COMMISSION

March 1, 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

Martin Gas Inc.

APPENDIX B

Page

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MAR 2 2012

PUBLIC SERVICE  
COMMISSION

Quarterly Report of Gas Cost  
Recovery Rate Calculation

Date Filed:

March 1, 2012

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Date Rates to Be Effective:

April 1 2012

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Reporting Period is Calendar Quarter Ended:

DECEMBER 31 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	5.0979
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.0143
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.0000
= Gas Cost Recovery Rate (GCR)		5.1122

GCR to be effective for service rendered from MARCH 1 2012 to MAY 31 2012

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	202095.17
	+ <u>Sales for the 12 months ended</u> <u>12-31-11</u>	Mcf	<u>39643</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.0979
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	0.0008
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0089
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	-0.0033
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0079
	= Actual Adjustment (AA)	\$/Mcf	0.0143
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 12-31-11

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	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
	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
Totals		40354.47	5.0080	202095.17

Line loss for 12 months ended 12-31-11 is -0.01763 based on purchases of 40354.47 Mcf and sales of 39643.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	202095.17
+ <u>Mcf Purchases (4)</u>	Mcf	<u>40354.47</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.0080
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>40354.47</u>
= Total Expected Gas Cost (to Schedule IA)	\$	202095.17

\* 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 SEPTEMBER 30 2011

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>7-31-11</u>	<u>8-31-11</u>	<u>9-30-11</u>
Total Supply Volumes Purchased	Mcf	1567.27	1780.08	1426.53
Total Cost of Volumes Purchased	\$	7845.44	8911.60	7145.60
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	1567.27	1780.08	1426.53
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.01	5.01	5.01
- EGC in effect for month	\$/Mcf	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.006	0.006	0.009
<u>x Actual sales during month</u>	Mcf	<u>1567.27</u>	<u>1780.08</u>	<u>1426.53</u>
<u>= Monthly cost difference</u>	\$	9.09	11.20	12.95
		Unit	Amount	
Total cost difference (Month 1 + Month 2 + Month 3)		\$	33.24	
<u>+ Sales for 12 months ended 12-31-11</u>		Mcf	39643.00	
= Actual Adjustment for the Reporting Period (to Schedule C)		\$/Mcf	0.0008385	