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MAY 30 2014

PUBLIC SERVICE
COMMISSION

Martin Gas Inc.

P.O. Box 783

Hindman, Kentucky 41822

May 28, 2014

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 CPA

Martin Gas Inc.

APPENDIX B

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Quarterly Report of Gas Cost
Recovery Rate Calculation

MAY 30 2014

PUBLIC SERVICE
COMMISSION

Date Filed:

June 1, 2014

Date Rates to Be Effective:

July 1 2014

Reporting Period is Calendar Quarter Ended:

March 31 2014

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.3987
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	-0.0526
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		5.3460

GCR to be effective for service rendered from July 1 2014 to August 31 2014

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	197498.83
	+ <u>Sales for the 12 months ended</u> <u>03-31-14</u>	Mcf	<u>36583</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.3987

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	0.0122
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0034)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0223)
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	(0.0391)
	= Actual Adjustment (AA)	\$/Mcf	(0.0526)

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 03-31-14

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	4/30/2013	3152.00	5.00000	15760.00
	5/31/2013	1303.00	5.00000	6515.00
	6/30/2013	905.00	5.11050	4625.00
	7/31/2013	1308.95	5.03416	6589.46
	8/31/2013	1311.73	5.01038	6572.26
	9/30/2013	1385.50	5.03231	6972.26
	10/31/2013	2071.75	5.02684	10414.35
	11/30/2013	4923.11	5.09231	25070.02
	12/31/2013	6159.52	5.03663	31023.20
	1/31/2014	7381.76	5.22220	38549.01
	2/28/2014	4725.25	5.26397	24873.57
	3/31/2014	3939.75	5.21218	20534.70
Totals		38567.32	5.1209	197498.83

Line loss for 12 months ended 03-31-14 is -0.05145 based on purchases of 38567.32 Mcf and sales of 36583.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	197498.83
+ <u>Mcf Purchases (4)</u>	Mcf	<u>38567.32</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.1209
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>38567.32</u>
= Total Expected Gas Cost (to Schedule IA)	\$	197498.83

* 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 2013

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>10/31/2013</u>	<u>11/30/2013</u>	<u>12/31/2013</u>
Total Supply Volumes Purchased	Mcf	2071.75	4923.11	6159.52
Total Cost of Volumes Purchased	\$	10414.35	25070.02	31023.20
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	2071.75	4923.11	6159.52
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.0268	5.0923	5.0366
- EGC in effect for month	\$/Mcf	<u>5.0220</u>	<u>5.0220</u>	<u>5.0220</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.0048	0.07031	0.01463
<u>x Actual sales during month</u>	Mcf	<u>2071.75</u>	<u>4923.11</u>	<u>6159.52</u>
<u>= Monthly cost difference</u>	\$	10.02	346.16	90.09

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	446.27
<u>+ Sales for 12 months ended</u> <u>03-31-14</u>	Mcf	36583.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	0.0122