

**Martin Gas Inc.
P.O. Box 783
Hindman, KY 41822**

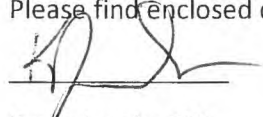
Handwritten notes or stamps, possibly including a date and time, located in the upper right corner of the page.

August 26, 2014

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P.O. Box 615

Dear Mr. Derouen:

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

A handwritten signature in black ink, appearing to read "Kevin Jacobs", is written over a horizontal line.

Kevin Jacobs CPA

Martin Gas Inc.

APPENDIX B

Page 1

Quarterly Report of Gas Cost
Recovery Rate Calculation

RECEIVED

Date Filed:

September 1, 2014

AUG 28 2014

PUBLIC SERVICE
COMMISSION

Date Rates to Be Effective:

October 1 2014

Reporting Period is Calendar Quarter Ended:

June 30 2014

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.3256
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.0812
+ Balance Adjustment (BA)	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		5.4067

GCR to be effective for service rendered from October 1 2014 to November 30 2014

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	190138.79
	+ Sales for the 12 months ended 06-30-14	Mcf	35703
	= Expected Gas Cost (ECG)	\$/Mcf	5.3256

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	
	+ Third Previous Quarter Supplier Refund Adjustment	\$/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	0.0947
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0122
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0034)
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0223)
	= Actual Adjustment (AA)	\$/Mcf	0.0812

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
	+ Third Previous Quarter Balance Adjustment	\$/Mcf	0
	= Balance Adjustment (BA)	\$/Mcf	0.0000

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended 06-30-14

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	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
	4/30/2014	1962.72	5.0325	9877.31
	5/31/2014	836.67	5.0000	4183.33
	6/30/2014	1095.86	5.0000	5479.32
Totals		37102.57	5.1247	190138.79

Line loss for 12 months ended 06-30-14 is -0.03772 based on purchases of 37102.57 Mcf and sales of 35703.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	190138.79
+ <u>Mcf Purchases (4)</u>	Mcf	<u>37102.57</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.1247
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>37102.57</u>
= Total Expected Gas Cost (to Schedule IA)	\$	190138.79

* 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 March 31 2014

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>1/31/2014</u>	<u>2/28/2014</u>	<u>3/31/2014</u>
Total Supply Volumes Purchased	Mcf	7381.76	4725.25	3939.75
Total Cost of Volumes Purchased	\$	38549.01	24873.57	20534.70
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	7381.76	4725.25	3939.75
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.2222	5.2640	5.2122
- EGC in effect for month	\$/Mcf	<u>5.0214</u>	<u>5.0214</u>	<u>5.0214</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.2008	0.24257	0.19078
<hr/>				
x Actual sales during month	Mcf	<u>7381.76</u>	<u>4725.25</u>	<u>3939.75</u>
= Monthly cost difference	\$	1482.24	1146.20	751.64

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	3380.08
+ Sales for 12 months ended <u>06-30-14</u>	Mcf	35703.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	0.0947