

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

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February 15, 2016

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Public Service
Commission

Mr. Jeff Derouen

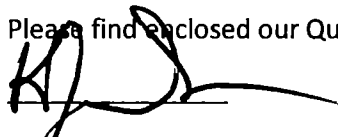
Executive Director

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.



Kevin Jacobs CPA

Kevin Jacobs CPA

Martin Gas Inc.

APPENDIX B

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Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed:

March 1, 2016

Date Rates to Be Effective:

April 1 2016

Reporting Period is Calendar Quarter Ended:

December 31 2015

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.2207
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	-0.2474
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		4.9733

GCR to be effective for service rendered from April 1 2016 to June 30 2016

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	187058.91
	+ <u>Sales for the 12 months ended</u> 12/31/2015	Mcf	35830
	= Expected Gas Cost (ECG)	\$/Mcf	5.2207
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	(0.0506)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0278)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0526)
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	(0.1164)
	= Actual Adjustment (AA)	\$/Mcf	(0.2474)
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 12-31-15

Supplier	Date	MCF	Rate	Cost
	1/31/2015	7478.48	5.0998	38138.73
	2/28/2015	2878.27	5.0000	14391.33
	3/31/2015	3608.37	5.1345	18527.08
	4/30/2015	1810.12	4.9999	9050.46
	5/31/2015	1245.93	5.0000	6229.67
	6/30/2015	1355.73	5.0000	6778.63
	7/31/2015	1613.35	5.0000	8066.76
	8/31/2015	2308.25	5.0000	11541.27
	9/30/2015	2452.12	5.0000	12260.60
	10/31/2015	2960.06	4.9980	14794.33
	11/30/2015	3299.85	4.9288	16264.46
	12/31/2015	6459.89	4.8013	31015.59

Totals 37470.42 4.9922 187058.91

Line loss for 12 months ended 12-31-15 is -4.3779% based on purchases of 37470.42 Mcf and sales of 35830.00 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	187058.91
+ Mcf Purchases (4)	Mcf	37470.42
= Average Expected Cost Per Mcf Purchased	\$/Mcf	4.9922
X Allowable Mcf Purchases (must not exceed Mcf sales + .95	Mcf	37470.42
= Total Expected Gas Cost (to Schedule IA)	\$	187058.91

* 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 2015**

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		7/31/2015	8/31/2015	9/30/2015
Total Supply Volumes Purchased	Mcf	1613.35	2308.25	2463.55
Total Cost of Volumes Purchased	\$	8066.76	11541.27	12318.96
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	1613.35	2308.25	2463.55
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.0000	5.0000	5.0005
- EGC in effect for month	\$/Mcf	5.2842	5.2842	5.2842
= Difference [(over-)/Under-Recovery]	\$/Mcf	-0.2842	-0.28419	-0.28371
<hr/>				
x Actual sales during month	Mcf	1613.35	2308.25	2463.55
= Monthly cost difference	\$	-458.50	-655.98	-698.93
		Unit	Amount	
Total cost difference (Month 1 + Month 2 + Month 3)		\$	-1813.42	
+ Sales for 12 months ended 12-31-15		Mcf	35830.00	
= Actual Adjustment for the Reporting Period (to Schedule C)		\$/Mcf	(0.0506)	