

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

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FEB 27 2017

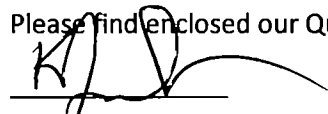
PUBLIC SERVICE
COMMISSION

February 24, 2017

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

Martin Gas Inc.

APPENDIX I

Page 1

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: March 1, 2017

Date Rates to Be Effective: April 1 2017

Reporting Period is Calendar Quarter Ended:

December 31 2016

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.0111
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	-0.4306
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		4.5805

GCR to be effective for service rendered from April 1 2017 to June 30 2017

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	260601.38
	+ <u>Sales for the 12 months ended</u> 12/31/2016	Mcf	<u>52005</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.0111
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	0.0108
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0472)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.2888)
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	(0.1054)
	= Actual Adjustment (AA)	\$/Mcf	(0.4306)
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

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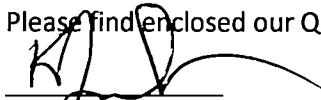
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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.0111
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	-0.4306
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		4.5805

GCR to be effective for service rendered from April 1 2017 to June 30 2017

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	260601.38
	+ <u>Sales for the 12 months ended</u> 12/31/2016	Mcf	<u>52005</u>
	= Expected Gas Cost (EGC)	\$/Mcf	5.0111
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	0.0108
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0472)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.2888)
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	(0.1054)
	= Actual Adjustment (AA)	\$/Mcf	(0.4306)
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 12-31-16

Supplier	Date	MCF	Rate	Cost
	1/31/2016	8078.26	4.8964	39554.16
	2/28/2016	12430.67	4.7282	58774.62
	3/31/2016	7080.56	4.6498	32923.01
	4/30/2016	3144.33	4.7473	14927.18
	5/31/2016	2290.55	4.9558	11351.48
	6/30/2016	1216.02	4.9774	6052.65
	7/31/2016	1520.16	5.0025	7604.53
	8/31/2016	1445.49	5.0004	7228.05
	9/30/2016	795.08	5.0087	3982.30
	10/31/2016	4809.00	5.0041	24064.67
	11/30/2016	3852.00	5.0158	19320.83
	12/31/2016	6690.00	5.2045	34817.90

Totals 53352.12 4.8846 260601.38

Line loss for 12 months ended 12-31-16 is -2.5250% based on purchases of
53352.12 Mcf and sales of 52005.00 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	260601.38
+ Mcf Purchases (4)	Mcf	<u>53352.12</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	4.8846
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>53352.12</u>
= Total Expected Gas Cost (to Schedule IA)	\$	260601.38

* 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 2016

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		7/31/2016	8/31/2016	9/30/2016
Total Supply Volumes Purchased	Mcf	1520.16	1445.49	795.08
Total Cost of Volumes Purchased	\$	7604.53	7228.05	3982.30
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	1520.16	1445.49	795.08
<u>= Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>5.0025</u>	<u>5.0004</u>	<u>5.0087</u>
<u>- EGC in effect for month</u>	<u>\$/Mcf</u>	<u>4.8531</u>	<u>4.8531</u>	<u>4.8531</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.1494	0.14732	0.15558
<u>x Actual sales during month</u>	Mcf	<u>1520.16</u>	<u>1445.49</u>	<u>795.08</u>
<u>= Monthly cost difference</u>	\$	<u>227.04</u>	<u>212.94</u>	<u>123.70</u>
	Unit			Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$			563.68
<u>+ Sales for 12 months ended 12-31-16</u>	Mcf			52005.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf			0.0108