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PUBLIC SERVICE
COMMISSION

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

November 22, 2017

Mr. Jeff Derouen

Executive Director

Kentucky Public Service Commission

P.O. Box 615

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 'K. Jacobs CPA', is written over a horizontal line.

Kevin Jacobs CPA

Martin Gas Inc.

APPENDIX B

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Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: December 1, 2017

Date Rates to Be Effective: January 1 2018

Reporting Period is Calendar Quarter Ended:

September 30 2017

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.3509
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.2295
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		5.5803

GCR to be effective for service rendered from December 1 2017 to February 28 2018

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	206826.76
	+ <u>Sales for the 12 months ended</u> 9/30/2017	Mcf	<u>38653</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.3509
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	(0.0659)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.2287
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0559
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0108
	= Actual Adjustment (AA)	\$/Mcf	0.2295
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 9-30-17

Supplier	Date	MCF	Rate	Cost
	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
	1/31/2017	6126.20	5.7494	35222.15
	2/28/2017	4826.65	5.3233	25693.87
	3/31/2017	4897.78	4.9935	24457.07
	4/30/2017	2288.72	4.5425	10396.58
	5/31/2017	1032.87	4.0470	4180.05
	6/30/2017	1143.98	4.5907	5251.72
	7/31/2017	1227.02	5.1365	6302.56
	8/31/2017	1848.00	5.0657	9361.40
	9/30/2017	1482.00	5.2348	7757.96
Totals		40224.22	5.1418	206826.76

Line loss for 12 months ended 9/30/2017 -3.9062% based on purchases of
40224.22 Mcf and sales of 38653.00 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	206826.76
+ <u>Mcf Purchases (4)</u>	Mcf	<u>40224.22</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.1418
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>40224.22</u>
= Total Expected Gas Cost (to Schedule IA)	\$	206826.76

* 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 June 30 2017

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		4/30/2017	5/31/2017	6/30/2017
Total Supply Volumes Purchased	Mcf	2288.72	1032.87	1143.98
Total Cost of Volumes Purchased	\$	10396.58	4180.05	5251.72
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	2288.72	1032.87	1143.98
<hr/>				
= Unit Cost of Gas	\$/Mcf	4.5425	4.0470	4.5907
- EGC in effect for month	\$/Mcf	5.0110	5.0110	5.0110
= Difference	\$/Mcf	-0.4685	-0.96398	-0.42026
<u>[(over-)/Under-Recovery]</u>				
<u>x Actual sales during month</u>	Mcf	<u>2288.72</u>	<u>1032.87</u>	<u>1143.98</u>
<u>= Monthly cost difference</u>	\$	-1072.20	-995.66	-480.76

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	-2548.62
<u>+ Sales for 12 months ended</u> 9-30-17	Mcf	38653.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	(0.0659)