

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

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MAR 05 2018

**PUBLIC SERVICE
COMMISSION**

February 28, 2018

Mr. Jeff Derouen

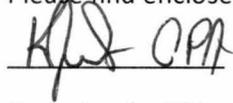
Executive Director

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 "KJ CPA", is written over a horizontal line.

Kevin Jacobs CPA

Martin Gas Inc.

APPENDIX B
Page 1

Quarterly Report of Gas Cost
Recovery Rate Calculation

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**PUBLIC SERVICE
COMMISSION**

Date Filed: March 1, 2018

Date Rates to Be Effective: April 1 2018

Reporting Period is Calendar Quarter Ended:
December 31 2017

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.2156
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.1970
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.000000
= Gas Cost Recovery Rate (GCR)		5.4126

GCR to be effective for service rendered from March 1 2018 to May 31 2018

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	186953.90
	+ <u>Sales for the 12 months ended</u> 12/31/2017	Mcf	<u>35845</u>
	= Expected Gas Cost (EGC)	\$/Mcf	5.2156
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	(0.0217)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(0.0659)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.2287
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0559
	= Actual Adjustment (AA)	\$/Mcf	0.1970
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 12-31-17

Supplier	Date	MCF	Rate	Cost
	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
	10/31/2017	2109.06	5.1940	10954.38
	11/30/2017	3190.16	5.0620	16148.71
	12/31/2017	5990.59	5.2128	31227.45
Totals		36163.03	5.1698	186953.90

Line loss for 12 months ended 12/31/2017 -0.8794% based on purchases of
36163.03 Mcf and sales of 35845.00 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	186953.90
+ MCF Purchases (4)	Mcf	<u>36163.03</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.1698
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>36163.03</u>
= Total Expected Gas Cost (to Schedule IA)	\$	186953.90

* 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 2017

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		7/31/2017	8/31/2017	9/30/2017
Total Supply Volumes Purchased	Mcf	1227.02	1848.00	1498.33
Total Cost of Volumes Purchased	\$	6299.24	9418.14	7619.78
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	1227.02	1848.00	1498.33
<hr/>				
= Unit Cost of Gas	\$/Mcf	5.1338	5.0964	5.0855
- EGC in effect for month	\$/Mcf	5.2732	5.2732	5.2732
= Difference	\$/Mcf	-0.1394	-0.17680	-0.18768
<u>[(over-)/Under-Recovery]</u>				
<u>x Actual sales during month</u>	Mcf	<u>1227.02</u>	<u>1848</u>	<u>1498.33</u>
<u>= Monthly cost difference</u>	\$	<u>-171.08</u>	<u>-326.73</u>	<u>-281.21</u>

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	-779.03
<u>+ Sales for 12 months ended 12/30/2017</u>	Mcf	35845.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	(0.0217)