

Martin Gas Inc.

APPENDIX B

Page 1

Quarterly Report of Gas Cost
Recovery Rate Calculation

RECEIVED

JUN 25 2009

PUBLIC SERVICE
COMMISSION

Date Filed:

June 1 2009

2009-00236

Date Rates to Be Effective:

July 1 2009

Reporting Period is Calendar Quarter Ended:

March 31 2009

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Componet</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	5.0000
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.0002
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		5.0002

GCR to be effective for service rendered from July 1 2009 to September 30 2009

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	214103.96
	+ <u>Sales for the 12 months ended</u> <u>03-31-09</u>	Mcf	<u>41973.74</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.0000

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	0.0031
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	-0.0036
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0001
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0006
	= Actual Adjustment (AA)	\$/Mcf	0.0002

C.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Second Previous Quarter Balance Adjustment	\$/Mcf	
	+ <u>Third Previous Quarter Balance Adjustment</u>	\$/Mcf	
	= Balance Adjustment (BA)	\$/Mcf	

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended 3-31-09

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	4/31/2008	2590.33	5.21730	13514.54
	5/31/2008	2014.94	5.16544	10408.06
	6/30/2008	1286.27	5.03335	6474.25
	7/31/2008	1390.00	5.00000	6950.00
	8/31/2008	1055.27	5.02903	5306.98
	9/30/2008	1224.18	5.21459	6383.60
	10/31/2008	1742.08	5.01865	8742.89
	11/30/2008	4700.94	5.13222	24126.28
	12/31/2008	5617.00	5.00000	28085.00
	1/31/2009	8084.14	5.21293	42142.06
	2/28/2009	6877.86	5.06482	34835.09
	3/31/2009	5390.73	5.03368	27135.21
Totals		41973.74	5.101	214103.96

Line loss for 12 months ended 03-31-09 is -0.00381 based on purchases of
41973.74 Mcf and sales of 41814.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	214103.96
+ <u>Mcf Purchases (4)</u>	Mcf	<u>41973.74</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.101
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>41973.74</u>
= Total Expected Gas Cost (to Schedule IA)	\$	214103.96

* Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

Gas Sold
Martin 1 Martin2

4/31/2008	1642	892	2534
5/31/2008	1080	1125	2205
6/30/2008	537	746	1283
7/31/2008	574	816	1390
8/31/2008	469	583	1052
9/30/2008	527	658	1185
10/31/2008	900	838	1738
11/30/2008	2960	1779	4739
12/31/2008	3570	2282	5852
1/31/2009	4588	3199	7787
2/28/2009	4277	2458	6735
3/31/2009	3057	2257	5314
			41814

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended DECEMBER 31 2008

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>10-31-08</u>	<u>Month 2</u> <u>11-30-08</u>	<u>Month 3</u> <u>12-31-08</u>
Total Supply Volumes Purchased	Mcf	1742.08	4700.94	5617
Total Cost of Volumes Purchased	\$	8742.89	24126.28	28085
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	1742.08	4700.94	5617
<u>= Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>5.02</u>	<u>5.13</u>	<u>5.00</u>
<u>- EGC in effect for month</u>	<u>\$/Mcf</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.019	0.132	0.000
<u>x Actual sales during month</u>	<u>Mcf</u>	<u>1742.08</u>	<u>4700.94</u>	<u>5617</u>
<u>= Monthly cost difference</u>	<u>\$</u>	<u>32.49</u>	<u>621.58</u>	<u>0.00</u>

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	654.07
<u>+ Sales for 12 months ended</u> <u>03-31-09</u>	<u>Mcf</u>	<u>214103.96</u>
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	0.0030549

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2009-00099

FROM: Leah Faulkner, Team Leader

DATE: March 19, 2009

RE: Telephone conversation concerning Martin Gas Company PGA Case No. 2009-00099

As a result of inconsistencies between Martin's PGA in Case No. 2009-00099 filed March 4, 2009, Martin's tariff, and information from Martin's last PGA case, I called Kevin Jacobs. Martin's gas cost rate has consistently approximated the \$5.00 per Mcf charged by Martin's primary supplier, Clean Gas, an affiliate. Because Martin occasionally buys gas from Equitable Resources on an as-needed basis, and as a result of a PSC Financial Audit, in 2004 Martin began filing quarterly GCA reports to track any volatility in gas cost caused by purchases of gas from multiple suppliers. Martin buys from three other suppliers as well, all at a rate of \$5.00. Kevin Jacobs confirmed that Martin wishes to use the \$5.00 gas cost in its PGA calculation rather than the more expensive gas costs from Equitable. In this case, as in the previous case, the EGC was adjusted to the \$5.00 Clean Gas rate. Martin had incorrectly calculated its EGC based on historical prices.

It should be noted that in 2008, 99 percent of Martin purchase volumes were priced at \$5.00.