

**Martin Gas Inc.  
P.O. Box 783  
Hindman, Kentucky 41844**

August 29, 2012

Mr Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

Dear Mr. Derouen:

Please find enclosed our Quarterly Report of Gas Cost Recovery Rate Calculation and 10 copies.



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Kevin Jacobs  
Controller

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AUG 30 2012

PUBLIC SERVICE  
COMMISSION

Martin Gas Inc.

APPENDIX B

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Quarterly Report of Gas Cost  
Recovery Rate Calculation

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Date Filed: September 1, 2012

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Date Rates to Be Effective: October 1 2012

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Reporting Period is Calendar Quarter Ended:

June 30 2012

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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	5.1394
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	0.0155
+ <u>Balance Adjustment (BA)</u>	\$/Mcf	0.0000
= Gas Cost Recovery Rate (GCR)		5.1549

GCR to be effective for service rendered from October 1 2012 to November 30 2012

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	177895.81
	+ <u>Sales for the 12 months ended</u> <u>06-30-12</u>	Mcf	<u>34614</u>
	= Expected Gas Cost (ECG)	\$/Mcf	5.1394
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	0.0046
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0012
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0008
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	\$/Mcf	0.0089
	= Actual Adjustment (AA)	\$/Mcf	0.0155
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 6-30-12

<u>Supplier</u>	<u>Date</u>	<u>MCF</u>	<u>Rate</u>	<u>Cost</u>
	07/31/2011	1567.27	5.00580	7845.44
	08/31/2011	1780.08	5.00629	8911.60
	09/30/2011	1426.53	5.00908	7145.60
	10/31/2011	2057.90	5.00428	10298.30
	11/30/2011	3977.69	5.00556	19910.58
	12/31/2011	5056.98	5.00230	25296.54
	1/31/2012	5401.67	5.02326	27133.97
	2/29/2012	6067.31	5.00587	30372.17
	3/31/2012	2834.10	4.99876	14166.99
	4/30/2012	2361.27	4.99245	11788.52
	5/31/2012	1850.16	4.99746	9246.10
	6/30/2012	1156.00	5.00000	5780.00
Totals		35536.96	5.0059	177895.81

Line loss for 12 months ended 06-30-12 is -0.02597 based on purchases of 35536.96 Mcf and sales of 34614.00 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	177895.81
+ Mcf Purchases (4)	Mcf	<u>35536.96</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	5.0059
<u>X Allowable Mcf Purchases (must not exceed Mcf sales + .95</u>	Mcf	<u>35536.96</u>
= Total Expected Gas Cost (to Schedule IA)	\$	177895.81

\* 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 March 31 2012

<u>Particulars</u>	<u>Unit</u>	Month 1	Month 2	Month 3
		<u>1-31-12</u>	<u>2-29-12</u>	<u>3-31-12</u>
Total Supply Volumes Purchased	Mcf	5401.67	6067.31	2834.10
Total Cost of Volumes Purchased	\$	27133.97	30372.17	14166.99
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	5401.67	6067.31	2834.10
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= Unit Cost of Gas	\$/Mcf	5.02	5.01	5.00
- <u>EGC in effect for month</u>	\$/Mcf	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
= Difference <u>[(over-)/Under-Recovery]</u>	\$/Mcf	0.023	0.006	-0.001
<u>x Actual sales during month</u>	Mcf	<u>5401.67</u>	<u>6067.31</u>	<u>2834.1</u>
= <u>Monthly cost difference</u>	\$	125.62	35.62	-3.51

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	157.73
+ <u>Sales for 12 months ended 06-30-12</u>	Mcf	34614.00
= Actual Adjustment for the Reporting Period (to Schedule C)	\$/Mcf	0.0045568