

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ADJUSTMENT OF THE RATES OF)
MARTIN GAS, INC., FOR AN INCREASE) CASE NO. 9550
IN GAS RATES)

O R D E R

In its Order of December 5, 1986, the Commission required certain monthly accounting and reporting from Martin Gas, Inc. ("Martin"). In its Order of October 10, 1986, in this case, the Commission stated that the staff will investigate the reasonableness of the rates being charged by Martin for gas service. Therefore, this case is reopened for the purpose of determining the reasonableness of Martin's rates and charges.

IT IS ORDERED that Martin shall file an original and eight copies of the following information with this Commission, with a copy to all parties of record. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. The information requested herein is due no later than July 15, 1987. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. In its Order of December 5, 1986, the Commission required that Martin supply a detailed income statement and balance sheet on a monthly basis. Please provide a year-to-date income statement and balance sheet ending no earlier than January 31, 1987.

2. Please provide any pro forma adjustments which Martin may consider necessary to reflect normal ongoing cost of operations.

3. For each pro forma adjustment, please provide a keyed narrative and supporting calculations or documentation if appropriate.

4. Please provide any additional information, with supporting narrative or documentation, which Martin feels is appropriate in evaluating its cost of operations.

5. For the period covered by the balance sheet and income statement, please provide a detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present rates can be readily determined.

6. For the period covered by the balance sheet and income statement, please provide the number of Mcfs or Dths purchased.

7. In its Order of October 10, 1986, Martin was required to furnish certain information regarding construction loans. Please provide:

a. A copy of any loan agreement which includes the terms, interest rate, payment period, security and lender.

b. If no loan agreement has been made, a listing of all lending institutions contacted and the reason for rejection.

8. Based upon reports submitted February 6, 1987, and April 28, 1987, \$27,612 was paid to KISU Service Company ("KISU") in April 1986 for the installation of plastic gas lines. Provide a copy of the itemized bill submitted by KISU to Martin for payment.

9. According to documents recently submitted by Martin, three additional projects have been completed: Old Beaver Clinic (March 1987); Our Lady of the Way Hospital (May 1987); and Ice Plant Hollow (June 1987).

a. Have invoices for each of these projects been submitted by KISU to Martin for payment? If so, provide copies of the invoices for each project.

b. If invoices have not been submitted, what was the total cost to complete each of these projects?

c. What was the source of revenue for each?

10. On March 15, 1986, an agreement was entered into between Martin and KISU regarding the furnishing of material and labor for the repair and replacement of lines and customer services. With regard to all repair and replacement of lines and services that have occurred on Martin since March 1986:

a. Has the cost to Martin (per foot of installation) to have plastic pipe and customer services installed been the same as agreed to in the March 15, 1986, agreement?

b. What about customer hookups?

c. What about backhoe work?

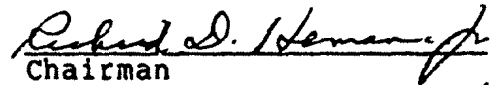
d. Has Martin paid KISU any overtime charges?

11. What percentage of the Martin system do you estimate still needs to be replaced?

a. At what cost?

Done at Frankfort, Kentucky, this 1st day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director