

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARTIN GAS, INC. FOR )  
AUTHORITY TO ADJUST RATES AND TO ) CASE NO. 90-402  
EXTEND CURRENT SURCHARGE )

O R D E R

IT IS ORDERED that Martin Gas, Inc. ("Martin") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. 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 ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than February 8, 1991.

1. Provide the detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue and expense accounts for the test year, and a complete detailed narrative

explanation of each adjustment including the reason why each adjustment is required. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

2. Provide the following information concerning the requested rate of return:

a. The calculations and workpapers which support Martin's requested 10 percent rate of return on net investment rate base, as shown in Exhibit 2, page 3 of the application.

b. Explain how Martin determined that a rate of return on net investment rate base of 10 percent was appropriate.

c. Explain how a revenue increase of \$54,599 will achieve a return on rate base of \$42,832.

3. Provide an itemized listing of the costs incurred to date for the preparation of this case, and an itemized estimate of the total cost to be incurred for this case. Indicate any costs incurred for this case that occurred during the test year. For each itemized listing, breakdown the expenses into the following categories:

- a. Accounting;
- b. Engineering;
- c. Legal; and
- d. Other (specify).

For each of these categories, provide estimates of the hours worked, the rates per hour, and specifically identify other

expenses. Provide copies of any invoices, contracts, or other documentation which support charges incurred or to be incurred in the preparation of this rate case.

4. Exhibit 1 of the application contains the test-year-end and monthly income statements for Martin. When the test-year-end income statement is compared to the sum of the 12 monthly income statements, several accounts are not in agreement. For each of the listed accounts, provide a thorough explanation as to why the test-year-end balance does not agree with the sum of the 12 monthly balances:

- a. Gas Purchases.
- b. Service Supplies and Expenses.
- c. Contract Labor.
- d. Rents.
- e. Accounts Supplies and Expenses.
- f. Office Supplies and Expenses.
- g. Outside Services Employed.
- h. Regulatory Commission Expense.
- i. Transportation Expenses.
- j. Payroll and Other Taxes.
- k. Interest.

5. Concerning the existing surcharge, prepare a schedule of the surcharge account activity, showing the following information:

- a. The balance of the account as of October 1, 1989.
- b. The receipts and payments made during the test year and through December 31, 1990, by month.

6. Provide a copy of the court documents appointing Mr. Branham as receiver of Martin, and describe the current status of the receivership. Include any amendments or revisions issued since the appointment.

7. For the test year and the 1990 calendar year, provide the following information concerning the payroll costs of Martin:

a. The total payroll costs.

b. The number of employees, showing the total full-time and part-time.

c. The total number of hours worked in the two periods by each employee.

d. The salary or wage of each employee, as of test-year-end and calendar-year-end.

Done at Frankfort, Kentucky, this 25th day of January, 1991.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director