

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MARTIN)
GAS, INC.) CASE NO. 90-402-AG

ORDER

On September 30, 1991, in Case No. 90-402, the Commission approved certain adjusted rates for Martin Gas, Inc. ("Martin") and provided for their further adjustment when the wholesale cost of gas changes or a refund is received.

On January 4, 2001, Martin filed for approval to pass its increased wholesale gas cost from its suppliers, Clean Gas and Equitable Energy, to its customers effective January 1, 2001.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Martin's notice proposed rates designed to pass on to its customers an increase in its expected gas supply cost ("EGC"). Martin's proposed EGC is \$6.4929 per Mcf. Martin's calculation to support its proposed EGC incorrectly calculated the Cost of Purchases for Equitable Energy. Based on the stated volume of 658 Mcf and the stated price of \$14.57 per Mcf, the Cost of Purchases should be \$9,587 rather than Martin's proposed \$146,866. Martin also incorrectly calculated the total volumes used to calculate the Average Cost of Purchases. The correct total should be 27,861 Mcf

rather than Martin's proposed 37,283 Mcf. Correcting these items, the revised EGC should be \$3.7614, which is 14.4 cents per Mcf less than the previous expected gas supply cost of \$3.9054.

2. The rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective with bills rendered on or after February 3, 2001. KRS 278.180(1) does not allow the Commission to set rates retroactively.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Martin are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable and are approved effective for gas supplied on and after February 3, 2001.
3. Within 30 days of the date of this Order, Martin shall file with this Commission its revised tariffs setting out the rates authorized in this Order.

Done at Frankfort, Kentucky, this 2nd day of February, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-402-AG DATED FEBRUARY 2, 2001

The following rates and charges are prescribed for the customers served by Martin Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

All Over 1 Mcf	\$8.0422
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Minimum Bill

The minimum bill shall be	\$8.159
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The base rate for the future application of the purchased gas adjustment clause of Martin Gas, Inc. shall be:

Commodity

Clean Gas #1	3.50
Clean Gas #2	3.50
Equitable Energy	14.57