Goss Samford
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December 22, 2016

RECEIVED
DEC 22 2016
PUBLIC SERVICE COMMISSION

Via Hand-Delivery

Ms. Talina Mathews, Ph.D.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: *In the Matter of: The Application of Martin Gas, Inc., for Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076 - Case No. 2016-00332*

Dear Ms. Mathews:

Enclosed please find for filing with the Commission in the above-referenced case an original and eight (8) copies of Martin Gas, Inc.'s Responses to Commission Staff's Supplemental Request for Information and Martin Gas, Inc.'s Responses to the Attorney General's Supplemental Request for Information. Please return a file-stamped copy to me.

Please do not hesitate to contact me if you have any questions.

Respectfully submitted and for the Objection,

L. Allyson Honaker

L. Allyson Honaker

Enclosures

RECEIVED

DEC 22 2016

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MARTIN GAS, INC. FOR RATE ADJUSTMENT FOR SMALL UTILITIES PURSUANT TO 807 KAR 5:076	)))	**CASE NO. 2016-00332**

RESPONSES TO COMMISSION STAFF'S SUPPLEMENTAL REQUEST FOR INFORMATIONTO MARTIN GAS, INC. DATED DECEMBER 8, 2016

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF MARTIN GAS, INC.	)	
FOR RATE ADJUSTMENT FOR SMALL	)	**CASE NO. 2016-00332**
UTILITIES PURSUANT TO 807 KAR 5:076	)	

VERIFICATION OF KEVIN JACOBS

STATE OF KENTUCKY	)
	)
COUNTY OF KNOTT	)

Kevin Jacobs, Certified Public Accountant, being duly sworn, states that he has supervised the preparation of certain of the following responses of Martin Gas, Inc., to Commission Staff's Supplemental Request for Information in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Kevin Jacobs

Subscribed and sworn to before me on this 20th day of December, 2016.

NOTARY PUBLIC, Notary #

Commission expiration: Feb 9, 2020

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF MARTIN GAS, INC.	)	
FOR RATE ADJUSTMENT FOR SMALL	)	**CASE NO. 2016-00332**
UTILITIES PURSUANT TO 807 KAR 5:076	)	

VERIFICATION OF JOHN PINSON

STATE OF KENTUCKY)
)
COUNTY OF KNOTT)

John Pinson, being duly sworn, states that he has supervised the preparation of certain of the following responses of Martin Gas, Inc., to Commission Staff's Supplemental Request for Information in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

John Pinson

Subscribed and sworn to before me on this 21st day of December, 2016.

Constance J. Osborne
NOTARY PUBLIC, Notary #______
Commission expiration: 10-1-19

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 12/8/16
REQUEST 1
RESPONSIBLE PARTY: John Pinson

Request 1. Refer to Martin's application, The Schedule of Adjusted Operations – Gas Utility ("SAO-G"), and response to the Commission Staff's Initial Request for Information ("Staff's First Request"), Item 4.b. With an adjustment of $15,760 proposed for repairs and maintenance, the pro forma expense is $28,800. Provide a detailed explanation of, and show, how the $28,800 pro forma expense amount was determined.

Response 1. Martin Gas' Repairs and Maintenance Expense in 2015 was $13,040.00, and estimates that an additional $15,760.00 is needed. Most of Martin's 2015 actual costs were on an "as needed basis" and these types of expenditures are expected to continue as a normal course of business. Martin plans to spend an additional $ 15,760 annually (for approximately three years) to install ten (10) new meters, at a cost of $ 131.00 per meter installation each month.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORMATION DATED 12/8/16
REQUEST 2
RESPONSIBLE PARTY: John Pinson and Kevin Jacobs

Request 2. Refer to the SAO-G and Martin's response to Commission Staff's First Request, Item 18.b.

a. Confirm that the $150,016 shown as an adjustment to Operating Revenues on the SAO-G is the amount of the increase that Martin is requesting.

b. Explain the $78,660 that is included as an adjustment to Other Gas Revenues on the SAO-G.

Response 2a. Martin confirms that the $150,016 is the amount of an increase that it is requesting.

Response 2b. The $78,660 is the revenue increase generated from the proposed $15 flat monthly fee to be charged each customer as a customer charge. Some utilities refer to this charge as a base charge (per meter, per month). Martin has 437 customers, and therefore the $15 charge per customer, per month equals the $78,660.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORMATION DATED 12/8/16
REQUEST 3
RESPONSIBLE PARTIES: John Pinson and Kevin Jacobs

Request 3. Refer to the Martin's response to Staff's First Request, Items 1.b. and 4.c. While Item 1.b. requested that Martin confirm that no interest expense on its recently established line of credit was included in the expenses for which it was seeking recovery in this case, the response to Item 1.b. states that no interest expense is included in the expenses Martin seeks to recover through its proposed rate increase. However, the response to Item 4.c. shows that $6,028 in interest expense is included in Martin's proposed $80,374 adjustment to increase its test-year administrative and general ("A&G") expenses.

a. Clarify which of the two responses is correct and state whether the response to Item 1.b. was intended to apply only to interest on the line of credit and not all interest, as its wording seems to indicate.

b. If the response to Item 1.b. is correct, explain whether the $80,374 proposed adjustment should be reduced by $6,028, or whether some other resolution to these conflicting responses is required.

c. If the response to Item 4.c. is correct, identify the debt on which the interest expense was calculated and provide the calculation of the $6,028 amount.

Response 3a. Martin is seeking no interest expense adjustment in this filing.

Response 3b. The $80,374 should be reduced by $6,028.

Response 3c. See Response 3a. and 3b. above.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 4
RESPONSIBLE PARTY: John Pinson and Kevin Jacobs

Request 4. Refer to Martin's response to Staff's First Request, Item 1.c.

a. Explain whether Martin is familiar with KRS 278.300, which requires that a jurisdictional utility received Commission approval before issuing securities or evidences of indebtedness that are payable over a period more than two years from their date of issue.

b. Explain why Martin entered that into a new line of credit with a 36-month term without prior Commission approval under KRS 278.300.

Response 4.a. Martin is familiar with KRS 278.300.

Response 4.b. Martin made an error by not requesting Commission approval prior to obtaining the line of credit. Martin was being pressed to make payments on certain gas purchases and did not have the money to repay without the line of credit.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 5
RESPONSIBLE PARTY: John Pinson

Request 5. Refer to Martin's response to Staff's First Request, Items 2.a. and 2.c.

a. Explain how Martin plans to fund its meter replacement program.

b. Provide the percentage of meters currently in use that are temperature compensating.

Response 5a. Martin plans to fund its meter replacement program through funds derived from its rate increase request.

Response 5b. Martin estimates that about 10% of its meters are temperature compensating.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 6
RESPONSIBLE PARTY: John Pinson

Request 6. Refer to Martin's response to Staff's First Request, Item 3.c.

a. Explain how Martin plans to fund its pipeline restoration program.

b. Provide the percentage of Martin's existing system composed of cast iron pipe, and explain whether the steel pipe is cathodically protected.

c. Provide the percentage of Martin's existing system the 12 miles of plastic pipe represents.

Response 6a. Martin plans to fund pipeline restoration through its rate increase request. Martin has requested a total of approximately $28,800 in Repairs and Maintenance. Martin estimates that it will be able to utilize about half of the remaining Repairs and Maintenance funds to begin to replace needed pipe.

Response 6b. Martin does not have a great deal of steel pipe, but does have some near gathering lines that needs to be replaced. It is management's understanding that approximately 1,000 feet of steel pipe should be replaced. None of the steel pipe is catholically protected.

Response 6c. Martin estimates the 12 miles of plastic pipe represents approximately 71% of its total pipeline system. Martin estimates that approximately 98% of its total system is plastic pipe.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 7
RESPONSIBLE PARTIES: Kevin Jacobs and John Pinson

Request 7. Refer to Martin's response to Staff's Frist Request, Item 4.a. If Martin is unable to obtain test-year data for non-recurring charge revenues, provide an estimate of its annual revenues related to: (1) late-payment penalties; (2) collections; (3) meter installations at an existing connection; (4) returned checks; (5) customers moving to a different location; (6) reconnections; and (7) mobile trailer connections. The estimates should include the number of instances assumed for each of the seven activities for which Martin assesses a charge.

Response 7. The software system in place adds the usage amount and a late charge (if the payment is late) to the total bill at the time of payment. The system does not distribute between late charges and usage amount received, only totals. Martin is reviewing a software update that will correct this. The revenues related to the items listed above are as follows:

(1) late-payment penalties	\$8,000
(2) Collections	\$0
(3) Meter installations (10)	\$1,250
(4) Returned checks	\$0
(5) Customers moving	\$0
(6) Reconnections	\$0
(7) Mobile trailer connections	\$0

In the past Martin has not charged its customers for functions it should have charged for. As soon as Martin is able to obtain and install the necessary software upgrades, it will send a letter to all of its customers to notify them that these charges will begin to be charged and Martin will include the charges contained in Martin's tariff.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 8
RESPONSIBLE PARTY: John Pinson

Request 8. Refer to the Martin's responses to Staff's First Request, Items 4.c. and 6, and to the Attorney General's Initial Data Request ("AG's Initial Request"), Items 4.a., 4.d., and 4.e.

a. Clarity the amounts paid by Clean Gas Inc. ("Clean Gas") and Martin for Martin's employees' health insurance premiums in 2015 and for the adjusted health insurance expense amount included in Martin's rate request.

b. Explain whether Martin's management has considered requiring its employees to contribute to their health insurance premiums.

Response 8a. During the fiscal year ending December 2015, Clean Gas, Inc., paid $6,466.18 in health benefits for Martin employees. During the same period Martin paid $1,097.00. The total amount of the adjustment for health insurance Martin is requesting is $6,466.18, which is the amount that was paid by Clean Gas on Martin's behalf.

Response 8b. At the present time Martin has not considered requesting its employees pay a portion of their health insurance premiums. Martin pays for only the employee's coverage and nothing for the employee's family. Martin believes this is an important financial benefit for the employees. However, if premiums do substantially increase in the future, Martin will certainly consider such an option.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 11/9/16
REQUEST 9
RESPONSIBLE PARTY: Kevin Jacobs

Request 9. Refer to Martin's response to Staff's First Request, Item 4.c., its response to the AG's Initial Request, Items 4.h. and 4.i., and to its application, the second page of the SSAO, the paragraph identified as Management. Confirm that the $10,000 identified as Management in the response to Item 4.c. as part of the proposed $80,374 adjustment to increase A&G expenses is related to Martin's plan to hire one or more part-time employees after this rate case.

Response 9. The $10,000 adjustment is to allow Martin to hire a part-time employee pending the approval of this filing.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 10
RESPONSIBLE PARTY: John Pinson

Request 10. Refer to Martin's response to Staff's First Request, Item 4.c., and to the AG's Initial Request, Item 4.l. Confirm that Martin is seeking to amortize its estimated legal fees related to this case over three years for ratemaking purposes and that this will reduce the amount of the adjustment shown in the response to Staff's First Request from $25,000 to $8,333.

Response 10. Martin will amortize the expense over a three (3) year period, and this would reduce the adjustment from $25,000 to $8,333.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 11
RESPONSIBLE PARTY: Kevin Jacobs

Request 11. Refer to the Martin's response to Staff's First Request, Item 4.d. and the AG's Initial Request, Item 4.b.Application, specifically, page 2 of the SSAO, the paragraph identified as Legal Fees.

a. Identify the source(s) of the respective amounts of $4,151.05 and $6,433.67 shown on the School Tax and Sales Tax lines and explain why 43 percent is the ration by which these two amounts are multiplied.

b. Confirm that this response indicates that the proposed adjustment to Taxes Other Than Income Taxes should be in the amount of $4,551 rather than the amount of $18,535 included in Martin's application.

c. Explain why Management Fees, Accounting Expense, Legal Fees and Clerical Expense would "all be converted to payroll deductions" and increase payroll tax expense by $11,010. Provide a calculation of this amount.

Response 11a. The amounts were based on the amount that Martin's revenues would increase and therefore the taxes would increase by that percentage.

Response 11b. Martin does not confirm this figure. In the original amount Martin included payroll taxes based on converting contract labor to employee status. The increase noted in Response 11a totals $10,584. Converting certain contract labor to employee status will add $6,700 (SS-$5,605, FUTA-$166, SUTA $920). The Taxes Other Than Income Taxes should be

$17,284. Therefore, considering responses 11a and 11b, the total adjustment to Taxes Other Than Income Taxes should be $17,284, and as a result there should be a deduction of $1,241 to the original adjustment requested.

Response 11c. There would be no legal fees in this category. Certain contract staff would be converted to payroll status. The costs are noted in 11b.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 12
RESPONSIBLE PARTY: Kevin Jacobs

Request 12. Refer to Martin's responses to Staff's First Request, Items 4.c. and 8, the AG's Initial Request, Item 4.g., and Martin's application, the second page of the SSAO.

a. Taken together, the documents other than the response to AG's Initial Request, Item 4.g., indicate that the proposed adjustment increasing the expense for Workers Compensation Insurance is $2,812, which will result in a total expense of $4,681. The response to the AG's request however, refers to the $4,681 amount as an increase. Confirm that, as proposed the total amount of the expense will be $4,681 and that the amount of the proposed adjustment is $2,812.

b. The responses to Items 8.a. and 8.b. of the Staff's First Request refer to Martin's plan to add staff and to its anticipation of additional wages if this proposed rate increase is approved. For the proposed increase to Workers Compensation Insurance of $2,812, provided a breakdown showing how much of that amount is due to Martin's picking up the cost that had been paid by Clean Gas and how much is due to Martin's plan to add staff if its proposed rate increase is approved.

Response 12a. Martin confirms the total amount of the expense will be $4,681 and the amount of the proposed adjustment is $2,812.

Response 12b. The $2,812 proposed increase represents the amount of premiums that will be due and payable with the hiring of additional staff. Martin erred in its application stating that Clean Gas, Inc., had paid the premium for 2015. That premium was in fact paid by Martin.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 13
RESPONSIBLE PARTY: John Pinson

Request 13. Refer to Martin's response to Staff's First Request, Item 5, and to the AG's Initial Request, Item 4.c. Based on its familiarity with the components of 807 KAR 5:016, provide Martin's best current estimate of the portion of its planned advertising cost of $6,000 that should be recoverable through its rates and explain how this estimate was derived.

Response 13. Martin is familiar with the various components of 807 KAR 5:016. Advertising will be directed towards three primary areas: 1) public safety in the use of natural gas as a domestic source of energy 2) availability of a plentiful source of natural gas in Martin's service area; and 3) the cost benefits of natural gas. Martin's service area is spread over a three county area which requires Martin to advertise in three different local newspapers. Martin believes the addition of new customers, more awareness of 811 "Call Before You Dig" and an aggressive effort to collect cost to repair damaged lines will offset the $6,000. Martin's average customer usage is 81.6 Mcf per year. If the proposed rate increase is approved, Martin's average customer bill would increase to $1,134 annually. This would only require Martin to gain approximately 6 new customers to partially cover the cost.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 14
RESPONSIBLE PARTY: John Pinson

Request 14. Refer to Martin's response to Staff's First Request, Item 11.

a. Explain whether Martin has retained Goss Samford PLLC or some other legal firm for the litigation with Vinland Energy, LLC.

b. Provide the calculation of the $12,000 amount Martin has proposed as the annual legal expense related to this litigation, including estimated hours of work and estimated hourly rates for legal work to be performed. Also include an explanation of how the number of hours was determined.

Response 14a. Martin has not retained Goss Samford, PLLC for the litigation with Vinland Energy, LLC. Martin has retained the services of Rose Camenisch Mains, PLLC in Lexington, Kentucky to represent Martin in the litigation with Vinland Energy, LLC.

Response 14.b. Litigation due to its very nature is a lengthy process and Martin feels this litigation will take some time and will impact its expenses and therefore Martin should make the necessary allowances for the legal expenses. The figure initially requested in the application was based on Martin's estimate of the initial discovery, etc. Legal representation and consultation are often a general and administrative expense for which companies routinely make allowances.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 15
RESPONSIBLE PARTY: John Pinson

Request 15. Refer to Martin's response to Staff's First Request, Item 12, and to the AG's Initial Request, Item 4.m. The response to the AG indicates that, to date, Martin had incurred approximately $11,150 in expense related to this case.

a. Provide an update to this expense with the response to this request, due December 22, 2016.

b. Provide a further update to this expense once Martin has received a December billing for legal fees.

Response 15a. Current fees related to this case through November billing are as follows:

Publishing Costs	$ 3,509.00
Copies, Mileage, Binding supplies	$ 423.78
Legal fees	$11,271.88
Total	$15,204.66

Response 15b. Martin will update this response upon receiving its December 2016 billing.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 16
RESPONSIBLE PARTY: John Pinson

Request 16. Refer to Martin's responses to Staff's First Request, Item 13, the AG's Initial Request, Item 4.a. and Martin's application, the "Management Services Contract" between Martin and Clean Gas.

a. Explain whether any portion of Martin's office supply expense is accounted for in the fee it pays Clean Gas per the "Management Services Contract".

b. Provide the amount of office supplies expense Clean Gas incurred on Martin's behalf in the test year and explain any difference between this amount and the adjusted total expense amount of $3,600.

Response 16a. Clean Gas has for many years bore the cost of office supplies, including but not limited to Xerox machine, copy paper, postage, normal and usual office related material and supplies. Martin employees utilized the office supply room as their own source of supplies.

Response 16b. Martin mails a monthly invoice to each customer. The postage cost alone is $204.00 per month. That does not include the cost of the use of the Xerox machine, copy paper and envelopes to mail the monthly customer invoices. Postage accounts for approximately $2400 of the requested increase. The remaining $1200 ($100 per month) requested is for envelopes, copy paper, and other office supplies.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 17
RESPONSIBLE PARTY: John Pinson
FOR THE OBJECTION: Counsel

Request 17. Refer to Martin's response to Staff's First Request, Item 15, and to its application, the SSAO, beginning on the second page at the paragraph identified as Accounts Payable and continuing through the following paragraph.

a. Confirm that Martin has proposed no adjustment to include any part of the $51,245 account payable to Heritage Gas, LLC ("Heritage") for rate recovery in this case. If this can be confirmed, explain why no adjustment has been proposed. Confirm that as a cost of natural gas, the amount payable to Heritage would have been recoverable at the approximate time of its purchase through Martin's Purchased Gas Adjustment ("PGA") mechanism.

b. Confirm that Martin has proposed no adjustment to include any part of the $12,200 account payable to shareholders for rate recovery in this case, and if so, explain why no adjustment has been proposed.

c. Clarify whether the last sentence in each paragraph stating that no promissory note exists for the account means that Martin has no documentation for the subject transactions.

d. Provide Martin's understanding of the term "retroactive ratemaking" and what is meant by the phrase "prohibition against retroactive ratemaking."

Response 17a. Heritage Gas is also a family owned business and for years supplied Martin with gas, and the family, through Heritage Gas, in an effort to maintain lower gas prices to its consumers, did not require an immediate repayment. However, Martin does feel it can begin to get on stable footing and begin to pay "its own way" with the rate increase requested. Martin needs to begin to repay this debt.

<u>Response 17b.</u> Bill and Lois Weinberg were the primary shareholders of Martin. They contributed the $12,200 as a subsidy to Martin's operations. As noted in 17.a. Martin does plan to repay this obligation and needs to begin this repayment.

<u>Response 17c.</u> Martin did not execute a promissory note for either the Heritage debt or the debt to Bill and Lois Weinberg nor does a note exist. This was an accounting entry when the funds or material were supplied.

<u>Response 17d.</u> Martin objects to the question to the extent that it requires the expression of a legal opinion. Without waiving said objection, Martin states that it has no understanding of the two terms beyond what has been expressed in Commission precedent and Kentucky law generally.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 18
RESPONSIBLE PARTY: Kevin Jacobs

Request 18. Refer to Martin's response to Staff's First Request, Item 16, and to Items 5 and 6 of this request. Confirm that, if the adjustments in Items 5 and 6 herein are reduced as indicated, the amount of operating expenses used in the revenue requirement calculation will be reduced by $30,648 from $303,444 to $272,796.

Response 18. Martin confirms that the operating expenses used in the revenue requirement calculation will be reduced by $30,648 from $303,444 to $272,796.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 19
RESPONSIBLE PARTIES: Kevin Jacobs and John Pinson

Request 19. Refer to Martin's response to Staff's First Request, Item 17, and the Supplement to Declining Block Rates Analysis filed with Martin's application.

a. Provide the number of 2015 bills that were for the minimum bill amount only.

b. Provide the number of Mcf used in 2015 by customers who were charged only the minimum bill (customers using 0 to one 1 Mcf).

c. Provide the number of Mcf used in 2015 by all customers who received bills for more than the minimum bill.

d. Using the information from the responses to parts a. through c. of this request, provide a corrected Declining Block Rate Analysis to calculate revenue from Martin's current rates.

Response 19a. In 2015, the number of bills that were for the minimum bill amount was 5060.

Response 19b. Martin's software will not generate these numbers by a report. Martin must manually calculate this figure for each month. Martin will file a Supplement to Response 19b as soon as possible.

Response 19c. See Response 19b above.

Response 19.d. See Response 19b above.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 20
RESPONSIBLE PARTY: Kevin Jacobs

Request 20. Refer to Martin's response to Staff's First Request, Item 19.b. and to the AG's Initial Request, Item 4.b.

a. Explain whether the $768 of Accounting Expense for "accounting software update" would be included in the amount converted to payroll deductions."

b. Explain whether Martin is currently paying any payroll taxes for Zach Weinberg, Kevin Jacobs, or the part-time Clean Gas employee who provides clerical work for Martin.

Response 20a. The $768 for accounting software update is not included in the amount converted to payroll deduction.

Response 20b. Martin is not paying payroll taxes for Zach Weinberg, Kevin Jacobs or the part-time Clean Gas employee. Zach Weinberg is considered, for tax purposes, a contractor, and Kevin Jacobs is an Independent Contractor. Clean Gas pays the payroll taxes for the part-time Clean Gas employee.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 21
RESPONSIBLE PARTY: Kevin Jacobs

Request 21. Refer to Martin's responses to Staff's First Request, Item 19.b., the AG's Initial Request, Items 4.a. and 4.b., and to the application, the "Management Services Contract."

a. For clerical expenses, provide the portions of the test-year amount of $6,311 and the pro forma amount of $9,600 that are labor-related and supply-related.

b. Explain where the $1,500 monthly fee ($18,000 annually) to Clean Gas, Inc., is reflected in Martin's test-year expenses, or why it is not reflected.

Response 21a. The test-year amount and the pro forma amount are both labor related expenses.

Response 21b. Martin could not afford to pay Clean Gas, Inc. in 2015, and no figure was included.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 22
RESPONSIBLE PARTY: Kevin Jacobs

Request 22. Refer to Martin's response to Staff's First Request, Item 20. Clarify that it is Martin's position that the amount of $453,399 listed in Account 376, Mains, until the end of 2013 (when that amount was moved to Account 377, Compressor Station Equipment) is correctly listed as Compressor Station Equipment and that the zero balance in Account 376, Mains is correct.

Response 22. This amount was inadvertently moved from Account 376 to Account 377. The amount should be listed in Account 376, Mains and there should not be a zero balance in Account 376, Mains.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 11/9/16
REQUEST 23
RESPONSIBLE PARTY: Kevin Jacobs

Request 23. Refer to Martin's response to Staff's First Request, Item 21, and Martin's 2015 annual report filed with the Commission. Clarify whether the interest accrued on customer deposits of $120 is based on a 6 percent rate or some other interest rate.

Response 23. It is based on the interest rate set by the Commission.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 24
RESPONSIBLE PARTY: John Pinson

Request 24. Refer to Martin's response to Staff's First Request, Item 24. Provide a list of the corrections for which the $10,000 will be spent and state when Martin intends to make those expenditures.

Response 24. Martin expects to spend $10,000 on a leak survey and a regulator survey/inspection. These are periodic surveys which are required by the Commission. Martin expects to book the expense in 2016.

MARTIN GAS, INC.
PSC CASE NO. 2016-00332
RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16
REQUEST 25
RESPONSIBLE PARTIES: Kevin Jacobs and John Pinson

Request 25. Refer to the AG's Initial Request, Item 3.b.

a. Confirm that the sample bills on pages 2-4 of 4 contain billing rates that were approved by the Commission in Case No. 2016-00093 effective April 1, 2016.

b. Confirm that, subsequent to its approval of the rates shown on the sample bills, the Commission approved decreases in gas cost rates and consequently in total billing rates in Orders issued in Case Nos. 2016-00188 effective July 1, 2016, and 2016-00301 effective October 1, 2016.

c. Explain whether Martin decreased its rates pursuant to the Commission's Orders in the PGA cases cited in b. above, or whether it continued to charge the April 1, 2016, rates as indicated in the sample bills.

d. Provide the rates that Martin is currently charging its customers.

e. If the answer to part c. of this request is that Martin did not decrease its rates on the prescribed effective dates pursuant to Commission Orders cited in part b. of this request, provide a calculation of over-recovery of gas cost from July 1, 2016, through Martin's most current billing period.

f. Explain whether Martin changed its rates quarterly pursuant to the Commission's Orders in PGA cases prior to April 1, 2016. If not, provide details of the rates charged by Martin and any resulting under- or over-recovery of gas cost.

Response 25a. Martin confirms this statement.

Response 25b. Martin confirms this statement.

Response 25c. Martin did not decrease the rate with the new PGA orders issued by the PSC and continued to charge the April 1, 2016 rate. The previous accountant did not make the computer entry to change the rates, even though Kevin Jacobs, Martin's outside CPA, provided the rates to the accountant on a timely basis, and Martin inadvertently continued to charge the April 1, 2016 rates. The previous accountant, who had been employed for 12 years, failed to make the necessary change when the PGA order was issued subsequent to the April 1, 2016 PGA order. She abruptly quit her job in October 2016. Kevin Jacobs will now provide John Pinson and the new accountant with quarterly changes. John Pinson will supervise any changes that need to be made. The new accountant is trying to work through all of the information and tasks that were left undone. Management is also more closely monitoring the financial filings that need to be made for Martin to insure they are timely filed.

Response 25d. The last bills that were issued, December 2016, customers were still being charged the rates approved by the Commission in the April 1, 2016 PGA. However, Martin is making the necessary computer entries to change the rate to the most current PGA approved by the Commission for the next bills that will be delivered to customers in January 2017 for December usage. Future rate changes will be monitored by management to make certain the correct figure is entered into the computer system as soon as an order is received from the Commission.

Response 25e. Martin's outside CPA is calculating this, and Martin will provide 25e and 25f in a supplemental response as soon as possible in a supplemental response.

Response 25f. See 25e above.

MARTIN GAS, INC.

PSC CASE NO. 2016-00332

RESPONSE TO DATA REQUEST

PSC'S REQUEST FOR INFORAMTION DATED 12/8/16

REQUEST 26

RESPONSIBLE PARTY: Kevin Jacobs

Request 26. Refer to Martin's response to the AG's Initial Request, Item 4.

a. Confirm that the sum of the amounts shown in the response to part a. is $226,151. If Martin cannot confirm this, explain why, and provide the correct total.

b. Provide a description of the Interest Expense of $7,366 in part a. of the response and show how it was calculated.

c. Explain whether the amounts in part b. of the response for School and Sales Taxes are for taxes Martin collects from its customers and remits to either the state or local taxing authority.

Response 26a. Martin confirms that the amount is $226,151. However, if Martin must amortize over a three year period the estimated $25,000 in legal fees for this filing will change. A three year amortization would amount to $8,333 annually and the total would be decreased by $16,667 on the pro forma adjustment. This would allow Martin to recover the entire $25,000 over the three year period.

Response 26b. Martin intends to make no adjustment to increase interest expense in its test year.

Response 26c. The taxes Martin collects from its customers for School Taxes and Sales Taxes are both remitted to the appropriate taxing authority. Martin confirms that the amounts listed for 2015 in Request 4.b. of the AG's first data requests were collected from customers and remitted to the proper taxing authority.