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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

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

**SUPPLEMENTAL RESPONSES TO COMMISSION STAFF'S SUPPLEMENTAL
REQUEST FOR INFORMATION TO MARTIN GAS, INC.**

DATED DECEMBER 8, 2016

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

PSC'S REQUEST FOR INFORMATION 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 previously responded to this request that Martin had retained the services of Rose Camenisch Mains, PLLC in Lexington, Kentucky to represent Martin in the litigation with Vinland Energy, LLC. That information was incorrect. Clean Gas Inc., is the entity that has retained the services of Rose Camenisch Mains, PLLC to represent Clean Gas, Inc., in separate litigation with Vinland Energy, LLC. Martin has retained the services of Randy A. Campbell Law Offices, PLLC in Hindman, Kentucky to represent Martin in the Vinland Energy litigation.

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 INFORMATION 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.

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

Response 15b. Current fees related to this case through December billing are as follows:

Publishing Costs	\$ 3,509.00
Copies, Mileage, Binding supplies, etc.	\$ 782.13
<u>Legal fees</u>	<u>\$14,217.88</u>
Total	\$18,509.01

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

PSC'S REQUEST FOR INFORMATION 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. Now that Martin has looked into this, it will require Martin to manually review the 5060 bills to determine how many were billed at 0 Mcf and how many were billed at 1 Mcf usage. Martin would like to discuss this with Commission Staff at the Informal Conference that has been requested.

Response 19c. In 2015, the number of Mcf used by all customers who received bills for more than the minimum bill was 28,103.

Response 19.d. See attached Declining Block Rate Analysis.

Revenue from Present/Proposed Rates
Test Period from 01-01-15 to 12-31-15

USAGE TABLE
Usage by Rate Increment

Class: All

(1)	(2) Bills	(3)	(4)	(5)	(6)	(7)	(8)	(9) Total
Min Bill	5060	0						
Over 1 mcf	5060	28103	5060	28103				28,103
Totals								

PROPOSED (billing rates from notice)
REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Mcf	(4) Rates	(5) Revenue
Min Bill	5060	5060	\$9.0143	\$45,612
All Accounts	5060	28103	\$8.8975	\$250,046
Totals	5244			\$295,658

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No.4 using rates either present or proposed.
- (11) Column No.5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment,multiply Column No.3 by Column No.4 and total.

**Revenue from Present/Proposed
Rates Test Period from 01-01-15 to
12-31-15**

**USAGE TABLE
Usage by Rate Increment**

Class: All

(1)	(2) Bills	(3)	(4)	(5)	(6)	(7)	(8)	(9) Total
Min Bill	5060	0						
Over 1 mcf	5060	28103	5060	28103				28,103
Totals								

**PROPOSED (billing rates from notice)
REVENUE TABLE
Revenue by Rate Increment**

(1)	(2) Bills	(3) Mcf	(4) Rates	(5) Revenue
Min Bill	5060		\$15.00	\$75,900
All Accounts	5060	33,163	\$14.285	\$473,733
Totals	5244			\$549,633

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No.4 using rates either present or proposed.
- (11) Column No.5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No.3 by Column No.4 and total.

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

PSC'S REQUEST FOR INFORMATION 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.

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

Response 25f. Martin has investigated as to whether or not the accountant changed its rates pursuant to the Commission's Orders in PGA cases prior to April 1, 2016. Martin has determined the following:

Martin conducted a review of its rates that were charged from April 2015 through December 2016. Martin did not change its quarterly rates pursuant to the Commission's Orders in PGA cases.

<u>Quarter</u>	<u>Approved Rate</u>		<u>Rate Charged</u>	
	<u>1st mcf</u>	<u>over 1 mcf</u>	<u>1st mcf</u>	<u>over 1 mcf</u>
April 2015	9.6594	9.5426	9.71	9.59
July 2015	9.5957	9.4789	9.66	9.54
October 2015	9.4664	9.34696	9.60	9.48
January 2016	9.449	9.3322	9.60	9.48
April 2016	9.3709	9.2541	9.45	9.33
July 2016	9.0143	8.8975	9.37	9.25
October 2016	8.8831	8.7663	9.37	9.25

Martin does confirm that the January 2017 billings do have the approved rates.

Martin will furnish the under-or-over recovery of gas cost as soon as its outside CPA has completed the calculations for each quarter. Martin requests that gas cost adjustments be made each quarter beginning in the April 2017 quarter corresponding to the quarter in 2015 and 2016 in which the approved rate was not entered into the company system.