

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF MARTIN GAS, INC.)	2021-00348

ORDER

On September 1, 2021, Martin Gas, Inc. (Martin) filed its proposed Gas Cost Recovery (GCR) rate report to be effective October 1, 2021. Martin's previous GCR rate was approved in Case No. 2021-00227.¹

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

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

¹ Case No. 2021-00227, *Electronic Purchased Gas Adjustment Filing of Martin Gas, Inc.* (Ky. PSC June 18, 2021).

² KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

1. Martin's report includes revised rates designed to pass on to its customers its expected change in gas costs.

2. Martin's report sets out an Expected Gas Cost (EGC) of \$5.0078 per Mcf, which is an increase of \$0.0123 per Mcf from its previous EGC of \$4.9955 per Mcf.

3. Martin's report sets out no supplier Refund Adjustment.

4. Martin's report sets out a current quarter Actual Adjustment (AA) of \$0.0294 per Mcf. In Martin's GCR rate report the Total Sales amount for May 2021 did not use the 5 percent line loss limiter. The Total Sales for each month may not be less than 95 percent of the Total Supply Volumes Purchased for that month.³ Future Martin GCR rate reports should apply the 5 percent line loss limiter to the Total Sales line of the AA calculation should the aforementioned criteria be met. Correcting this produces a current quarter AA of \$0.0173 per Mcf. This produces a total AA of (\$0.0171) per Mcf, which is an increase of \$0.1865 per Mcf from its previous total AA of (\$0.2036) per Mcf.

5. Martin's report sets out a current quarter Balance Adjustment (BA) of (\$0.0021) per Mcf. Martin's total BA is (\$0.0073) per Mcf, which is a decrease of \$0.0021 per Mcf from its previous total BA of (\$0.0052) per Mcf.

6. Martin's corrected GCR rate is \$4.9834 per Mcf, which is an increase of \$0.1967 per Mcf from the previous GCR rate of \$4.7867 per Mcf.

7. The rates set forth in Appendix to this Order are fair, just and reasonable and should be approved for service rendered by Martin on and after October 1, 2021.

³ For the month of May 2021, a total of 966 Mcf is reported as Supply Volume Purchased, with an actual sales volume of 856 Mcf reported. With the 5 percent line loss limiter applied, the Total Sales amount for the Unit Cost of Gas calculation should not have been lower than 918 Mcf.

8. Should Martin purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Martin are denied.
2. The rates set forth in Appendix to this Order are approved for service rendered on and after October 1, 2021.
3. Martin's future GCR reports shall include the gas sold information for each month of the 12-month reporting period.
4. Within 20 days of the date of entry of this Order, Martin shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00348 DATED SEP 22 2021

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

Retail Rates

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 4.9946	\$4.9834	\$9.9780

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