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March 19, 2009

To: All Parties of Record

Re: Telephone Conference for Case No. 2009-00099 on March 16, 2009

Enclosed please find a memorandum that has been filed into the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Leah Faulkner of the Commission Staff at 502-564-3940.

Sincerely,


Jeff Derouen
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2009-00099

FROM: Leah Faulkner, Team Leader

DATE: March 19, 2009

RE: Telephone conversation concerning Martin Gas Company PGA Case No. 2009-00099

As a result of inconsistencies between Martin's PGA in Case No. 2009-00099 filed March 4, 2009, Martin's tariff, and information from Martin's last PGA case, I called Kevin Jacobs. Martin's gas cost rate has consistently approximated the \$5.00 per Mcf charged by Martin's primary supplier, Clean Gas, an affiliate. Because Martin occasionally buys gas from Equitable Resources on an as-needed basis, and as a result of a PSC Financial Audit, in 2004 Martin began filing quarterly GCA reports to track any volatility in gas cost caused by purchases of gas from multiple suppliers. Martin buys from three other suppliers as well, all at a rate of \$5.00. Kevin Jacobs confirmed that Martin wishes to use the \$5.00 gas cost in its PGA calculation rather than the more expensive gas costs from Equitable. In this case, as in the previous case, the EGC was adjusted to the \$5.00 Clean Gas rate. Martin had incorrectly calculated its EGC based on historical prices.

It should be noted that in 2008, 99 percent of Martin purchase volumes were priced at \$5.00.