

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PROPOSED ADJUSTMENT)
OF RATES, AND APPLICATION FOR)
INTERIM RATE RELIEF, FOR) CASE NO. 8730
MARTIN GAS, INC.)

INTERIM ORDER

On November 22, 1982, Martin Gas, Inc., ("Martin") filed notice with this Commission requesting an adjustment of rates for gas service, to become effective on December 12, 1982, and interim rate relief pursuant to KRS 278.190(2). The Commission suspended Martin's proposed rates for 5 months on and after December 12, 1982. A public hearing was held in the Commission's offices at Frankfort, Kentucky, on December 21, 1982, in order to address Martin's request for interim rate relief, with the Consumer Protection Division of the Attorney General's Office intervening in the matter.

This Order does not address the merits of the general rate request but herein denies Martin's request for interim rate relief.

DISCUSSION

On November 24, 1982, the Commission issued an Order in this case which set out the general guidelines for an application for interim rate relief. Martin did not comply with those guidelines. Further, in the Commission's opinion Martin failed to prove that it was experiencing severe cash-flow difficulties.

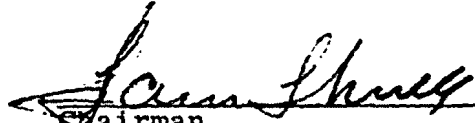
Uncollectible accounts of only 2 percent of gas sales in the test period do not indicate a collection problem. Moreover, during the test period, Martin failed to request a purchased gas adjustment ("PGA") to recover the increased cost of purchased gas from its supplier, Columbia Transmission Corporation, effective on January 1, 1982, an increase of 44.4 cents per mcf, until February 8, 1982, and thus did not receive rates to offset the increased expenses until March 1, 1982. Since January and February gas sales were by far the highest for the test period, Martin's cash flow would have been significantly increased had the PGA been requested on a timely basis. Martin is now current with its PGAs. Therefore the Commission has no reason to believe that Martin's cash flow will be severely impaired prior to a final decision in this case.

Martin last requested and received general rate relief in 1978. It is difficult to understand how Martin's financial condition could deteriorate so swiftly, especially during the winter heating season, as to have been unforeseen and thus not contemplated by its management. This Commission looks with disfavor on requests for interim relief necessitated by poor management.

IT IS THEREFORE ORDERED that the request of Martin Gas, Inc., for interim rate relief be and it hereby is denied.

Done at Frankfort, Kentucky, this 20th day of January, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary