

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MARTIN GAS, INC., FOR AN ADJUSTMENT )  
OF RATES ) CASE NO. 9291

O R D E R

In its Order of December 20, 1985, the Commission set out certain accounting and reporting requirements in regard to excessive line-loss cost recovery. The Commission ordered Martin Gas, Inc., ("Martin") to account for cost recovery of line loss in excess of 5 percent on a monthly basis as customer advances for construction and not as a revenue item. Furthermore, the Commission required that extraordinary repairs to reduce excessive line loss must be charged against customer advances for construction with any future unabsorbed balance remaining in customer advances for construction being amortized over a reasonable time period.

In its Order of January 31, 1986, the Commission granted Martin additional revenues to be billed to each of its customers monthly, clearly identified as a temporary surcharge to reduce line loss. The revenue from the surcharge was required to be deposited in a separate escrow account until such time as plans to reduce excessive line loss are finalized and a further Order is issued. The surcharges collected were required to be accounted for in Account No. 128--Other Special Funds and these surcharges

billed were required to be accounted for as Customer Advances for Construction in Account No. 252 and not as a revenue. The surcharge was to continue for no longer than 12 months from January 31, 1986, and no monies were to be expended from the escrowed surcharge until authorized by the Commission in a subsequent Order. The Commission further ordered Martin to file monthly reports of the amount of surcharge billed, collected and deposited in escrow.

On May 7, 1986, the Commission issued an Order in this case directing Martin to comply with certain accounting, reporting, and construction requirements related to line loss. On May 27, 1986, Martin, through its court appointed receiver, filed a motion to reconsider and rehear that Order. It requested that the Commission grant a rehearing for the purpose of receiving evidence which demonstrates that Martin is currently incapable of complying with the directives in the Order. A hearing on this matter was held on July 29, 1986, at the Commission's Offices in Frankfort.

#### SUMMARY

The Commission, after reviewing the evidence of record and being advised, finds that:

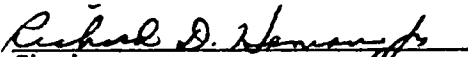
1. Martin has the resources necessary to comply with the reporting requirements of the Order of May 7, 1986.
2. The information required by the Order is necessary to provide a reasonable assurance that the revenues collected under the surcharge are accounted for and disbursed within the requirements of the Order.

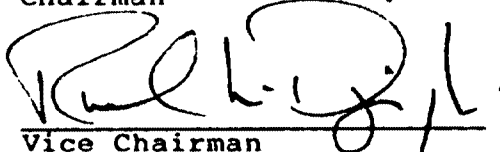
3. Martin has not provided persuasive evidence that the filing requirements are unreasonable, or inappropriate.

IT IS THEREFORE ORDERED that Martin shall comply with the reporting requirement of the Order of May 7, 1986.

Done at Frankfort, Kentucky, this 5th day of December, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director