

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ADJUSTMENT OF THE RATES OF)
MARTIN GAS, INC., FOR AN INCREASE) CASE NO. 10204
IN GAS RATES)

O R D E R

On March 24, 1988, Martin Gas, Inc. ("Martin") filed an application seeking an increase in rates charged for natural gas service. The Commission suspended Martin's proposed rates for 5 months until September 23, 1988. The proposed rates would generate approximately \$62,438 or approximately 26.8 percent in additional annual revenues. On May 9, 1988, Martin filed a Motion for Interim Emergency Rates, which the Commission denied on June 6, 1988.

On July 5, 1988, Staff issued its Report recommending an increase in annual revenues of \$29,819. On August 4, 1988, Martin requested an informal conference to discuss several topics included in the Report. The informal conference was held on August 10, 1988. On August 22, 1988, Martin filed additional information relating to topics covered in the August 10 meeting. On August 26, 1988, Staff issued an amended Report which recommended an additional \$5,951 in revenues, resulting in a recommended increase in revenues of \$35,770, or 15.4 percent. On August 31, 1988, Martin notified the Commission that while it did

not believe the proposed increase would be sufficient, it would abide by the Staff recommendations and not seek a formal hearing.

After a review of the record in this matter, the Commission is of the opinion that the Staff Report as amended reflects the reasonable revenue requirements of Martin and will provide adequate rates to allow Martin to have adequate cash flow to meet its operating expenses, provide for reasonable equity growth, and allow it to begin to make payments on the Columbia Gas of Kentucky, Inc. ("Columbia") court judgment. Therefore, the Commission affirms Staff's amended recommended increase in revenues of \$35,770, an increase of 15.4 percent.

In its Report of July 5, 1988, the Staff recommended that the accounting treatment for excessive line losses outlined in Case No. 9291, The Application of Martin Gas, Inc. for an Adjustment of Rates, be discontinued and Martin's monthly reporting requirements be modified to reflect this recommendation. Martin would still be required to file monthly reports which detail the following: the status of the \$3.12 surcharge; the activity in Account No. 252, Customer Advances for Construction; the expenditures from escrowed funds; the expenditures for extraordinary repairs; and replacements; the outstanding balance and accrued interest owed to Columbia; and a detailed income statement and balance sheet. The Commission is of the opinion that this recommendation of the Staff Report is reasonable and is hereby affirmed.

The recommendation of an additional \$5,951 in revenues in the amended Staff Report of August 26, 1988 was contingent upon Martin filing proof that a liability insurance policy was actually

taken and that the policy premium was paid. The Commission is of the opinion that this recommendation of the amended Staff Report is reasonable and that the proof should be filed within a reasonable time with the Commission.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. All aspects of the Staff Report as amended should be affirmed.
2. Martin should be granted rates which would produce additional operating revenues of \$35,770.
3. The rates and charges in Appendix A are fair, just, and reasonable rates to be charged by Martin in that they should produce annual operating revenues of \$268,078.
4. Within 30 days from the date of this Order, Martin should file with this Commission its revised tariff sheets setting out the rates approved herein.
5. Beginning with the first monthly report due after the date of this Order, Martin should delete from its monthly reports those items relating to the recovery of excessive line loss which were previously required by Case No. 9291.
6. Within 30 days from the date of this Order, Martin shall file with this Commission documented proof that it has secured a liability insurance policy and that it has paid the policy premium.

IT IS THEREFORE ORDERED that:

1. All aspects of the Staff Report, as amended, are hereby affirmed.

2. Martin be and hereby is granted rates to produce additional annual operating revenues of \$35,770 over normalized test-year operating revenues of \$232,308.

3. The rates in Appendix A are the fair, just, and reasonable rates to be charged by Martin for service rendered on and after the date of this Order.

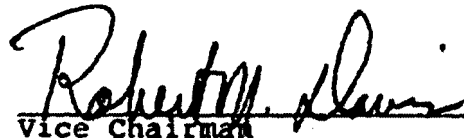
4. Within 30 days from the date of this Order, Martin shall file with this Commission its revised tariff sheets setting out the rates approved herein.

5. Martin shall comply with Finding Nos. 5 and 6 as if the same were individually ordered.

Done at Frankfort, Kentucky, this 16th day of September, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10204 DATED September 16, 1988.

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

RATES: Monthly

First 1 Mcf	\$6.39 Per Mcf
Over 1 Mcf	\$6.27 Per Mcf

Minimum Bill

The minimum bill shall be	\$6.39
Temporary Surcharge	\$3.12

The rates in this Appendix have been adjusted to reflect the purchased gas adjustment filed by Martin in Case No. 9550-E.

The base rate for the future application of the purchased gas adjustment clause of Martin Gas, Inc., shall be:

	<u>Commodity</u>
Columbia Gas of Kentucky, Inc.	\$3.4807 per Mcf
Southeastern Gas Company	\$0.140 per Mcf