

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2009-00099
FILING OF MARTIN GAS, INC.)

ORDER

On September 30, 1991, in Case No. 1990-00402, the Commission approved certain adjusted rates for Martin Gas, Inc. ("Martin").¹ In November 2004, Martin proposed, and the Commission approved, changes to its tariff that included, among other items, changes to its Gas Cost Adjustment Clause ("GCA"). Those changes updated the methodology of calculating the components of the GCA.

On March 4, 2009, Martin filed a GCA for rates to be effective January 1, 2009. After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

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

2. Martin's notice sets out an expected gas cost ("EGC") of \$5.1537 per Mcf. Martin's current supply contract with Clean Gas prices the natural gas purchased by Martin at \$5.00 per Mcf. Using information provided by Martin concerning purchases and sales volumes for the 12 months ended December 31, 2008, staff has recalculated the EGC based on \$5.00 per Mcf. The revised EGC is \$5.0000, which is a decrease of \$.0064 per Mcf from its prior EGC of \$5.0064.

¹ Case No. 1990-00402, Application of Martin Gas, Inc. for Authority to Adjust Rates and to Extend Current Surcharge. (Ky. PSC Sept. 30, 1991).

3. Martin's notice sets out no refund adjustment ("RA") for the current quarter and no total RA, which is no change from the prior total RA.

4. Martin's notice sets out a current quarter Actual Adjustment ("AA") of \$.0012968 per Mcf for the period July 2008 through September 2008. Martin calculated its AA using an incorrect EGC. Staff recalculated the current quarter AA using the EGC that was actually in effect July through September. The calculation of Martin's current quarter AA is shown below:

ACTUAL ADJUSTMENT

For the 3 month period ended September 2008

Particulars	Unit	Jul-08	Aug-08	Sep-08
		Month 1	Month 2	Month 3
Total Supply Volumes Purchased	Mcf	1390	1055.27	1224.18
Total Cost of Volumes Purchased	\$	\$6,950.00	\$5,307.00	\$6,383.60
/ Total Sales *	Mcf	1,390.0	1,055.3	1,224.2
= Unit Cost of Gas	\$/Mcf	\$5.0000	\$5.0290	\$5.2146
- EGC in Effect for Month	\$/Mcf	\$5.1186	\$5.1186	\$5.1186
= Difference	\$/Mcf	(\$0.1186)	(\$0.0896)	\$0.0960
x Actual Sales during Month	Mcf	1390	1055.27	1224.18
= Monthly Cost Difference	\$	(\$164.85)	(\$94.51)	\$117.51
Total Cost Difference			\$	(\$141.85)
/ Sales for 12 months ended December 31, 2008			Mcf	39,612.0
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$0.0036)

* May not be less than 95% of supply volume

Martin's total AA of (\$.0035) is comprised of the current quarter AA of (\$.0036) and a previous quarter AA of \$.0001, and represents a decrease of \$.0036 from the previous quarter.

5. Martin's notice sets out no Balance Adjustment.

6. Martin's GCA is \$4.9965 per Mcf, which is a decrease of \$.0100 per Mcf from its previous rate of \$5.0065.

7. Martin's proposed effective date of January 1, 2009 would constitute retroactive ratemaking, which is prohibited and should be denied.

8. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Martin on and after April 1, 2009.

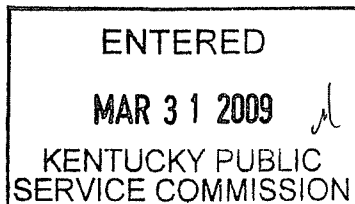
IT IS THEREFORE ORDERED that:

1. Martin's proposed rates are denied.

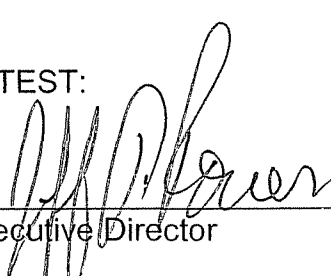
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after April 1, 2009.

3. Within 20 days of the date of this Order, Martin shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00099 DATED **MAR 3 1 2009**

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 the Commission prior to the effective date of this Order.

RETAIL RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf	\$4.3976	\$4.9965	\$9.3941
Over 1 Mcf	\$4.2808	\$4.9965	\$9.2773
Minimum Bill	\$9.3941		

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