

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

ADJUSTMENT OF THE RATES OF)
AUXIER ROAD GAS COMPANY, INC.,) CASE NO. 9318
FOR AN INCREASE IN GAS RATES)

O R D E R

IT IS ORDERED that Auxier Road Gas Company, Inc., ("Auxier Road") shall file an original and seven copies of the following information with the Commission by May 20, 1985, or within 2 weeks of the date of this Order with a copy to all parties of record. In the event the requested information is not available, Auxier Road shall state explicitly why the information cannot be furnished. Include within the response to each item the witness who will be available at the public hearing to testify on that particular issue. If neither the response nor a motion for extension of time is filed by the stated date, the case may be dismissed.

1. For calendar years 1982, 1983 and 1984, for each employee and director of Auxier Road, provide the following information:

- a. The name, title and total compensation received. Include a description and the amount of any fringe benefits paid for each employee and director.
- b. Total number of regular and overtime hours worked.
- c. A complete description of the duties and responsibilities of each employee and director.

- d. For each employee and director, provide an analysis showing changes in the level of wages, and other compensation during the three-year period. The analysis should include the date, the amount, and the percentage of each change.
 - e. For each director, provide the approximate amount of time required monthly to fulfill his duties and responsibilities in official utility business.
 2. Provide the date of each director's meeting held during the test period and indicate the total number of directors in attendance at each meeting.
 3. With reference to Exhibit No. 3, page 3, adjustment 9, explain the factors necessitating the proposed adjustment to wages. Also, explain the inclusion of the 10 percent overhead factor included in the calculation.
 4. Provide an analysis of expenses associated with this rate case. The analysis should include the following information:
 - a. A schedule of the hourly rates for legal, accounting and engineering costs that will be charged to Auxier Road for this rate case.
 - b. A detailed description of the legal, accounting and engineering services to be provided in this case and an estimate of the number of hours that will be charged to Auxier Road for the services.
 - c. Actual expenses which have been incurred to date for legal, accounting and engineering services.
 - d. The basis for the amounts listed for legal, accounting and engineering costs included within the rate case expense breakdown.
 5. Provide copies of bills for gas purchased from Columbia Gas and any other suppliers during the test period. Provide a copy of all contracts to purchase gas in effect from January 1, 1984 to present.

6. Provide an analysis of premiums paid for insurance coverage during the test period. Has additional insurance coverage been acquired or contemplated subsequent to the test year? If so, what will the annual cost of the additional insurance be?

7. With reference to Auxier Road's 1984 Annual Report, pages 9, 10 and 11, provide a detailed analysis of the following expenses. Include in the analysis the check or voucher number, payee, the amount, the date, and a description of the services, materials and/or labor provided in each transaction. Items of less than \$50 may be grouped with a general description of the costs included in each group.

	<u>Account</u>	<u>Amount</u>
a.	Mains and services, supplies and expenses	\$ 3,176
b.	Office supplies and expenses	10,184
c.	Miscellaneous general expenses	6,981
d.	Transportation expense	19,307
e.	Outside services employed	15,473
f.	Taxes other than income taxes	10,749

8. With reference to the 1984 Annual Report, page 9, line 35, provide a detailed explanation of the factors resulting in the \$8,336 in extraordinary income. If related to an income tax refund, thoroughly explain the factors resulting in this refund.

9. With reference to the 1984 Annual Report, page 9, line 42, provide a breakdown and an explanation of the \$17,148 charge to non-utility deductions. Include in the breakdown the check or

voucher number, payee, the amount, the date, and a description of the services, materials and/or labor provided in each transaction. Items of less than \$50 may be grouped with a general description of the costs included in each group.

10. With reference to the 1984 Annual Report, page 11, line 6, provide an explanation for the increase in uncollectable accounts expense over the 2 previous years (1982 - \$1,775; 1983 - \$0; 1984 - \$6,143). Also, provide an explanation of the basis used to compute 1984 uncollectable accounts expense and provide an aging of receivables analysis as of test-year end.

11. With reference to the 1984 Annual Report, page 11, line 23, provide an explanation for the increase in outside services employed over the two previous years (1982 - \$5,312; 1983 - \$4,144; 1984 - \$15,473).

12. With reference to the 1984 Annual Report, page 2, line 22, provide a detailed explanation of the factors resulting in the decrease from \$97,134 to \$13,918 in temporary cash investments. Also, provide an analysis of Auxier Road's investment portfolio at test-year end. The analysis should include the financial institution with which the funds are on deposit, the amount and the interest rate.

13. With reference to the 1984 Annual Report, page 9, line 24, provide an explanation of the factors resulting in the \$3,026 charged to amortization expense during the test year. The statement should make reference to the assets and other debits account credited. Also, with reference to the 1984 Annual Report, page 2, line 11, explain the factors resulting in the reduction

from \$13,405 to \$6,657 in the other deferred debits account. Also, explain the factors resulting in the \$30,259 balance in the extraordinary property losses account and why the balance is not being amortized.

14. With reference to Exhibit 2, page 1 of the application, provide the following information:

- a. Provide a detailed calculation of the \$20,625 proposed for working capital.
- b. The basis for the inclusion of \$30,259 for extraordinary property losses in investment rate base.
- c. The basis for the 8 percent return on rate base requested.

15. With reference to Exhibit 3, page 1, adjustment 3, provide a detailed calculation of the \$20,279 proposed adjustment to reduce other income.

16. With reference to Exhibit 3, page 4, adjustment 12, provide the following information:

- a. A schedule detailing by month the incurrence of the past-due amounts owed to Columbia Gas and DLG.
- b. A schedule separating the \$19,196 owed to Columbia Gas into the past bill component and interest component.

17. Provide a copy of the mortgage agreement with DLG.

18. Supply all supporting documents and calculations for the temperature normalization adjustment (adjustment 8).

19. With reference to page 3, line 31, provide an explanation of the factors resulting in the \$34,019 beginning balance and \$3,300 ending balance in Account No. 238--Other Current and

Accrued Liabilities. State in the explanation the creditor to whom these amounts are owed.

20. Provide an explanation of the factors resulting in the reduction in accounts payable from \$99,866 to \$60,672 during the test year. Also, provide a breakdown of accounts payable as of test-year end. The breakdown should include the creditor, amount owed and purpose for the debt. Creditors owed less than \$100 may be grouped into a single classification and need not be listed individually.

21. Did Auxier Road have any transactions with affiliated companies during the test year? If so, thoroughly explain the nature of each transaction, including the amounts involved. Also, were any of Auxier Road's assets used for non-utility purposes during the test year? If so, state which ones and why.

22. Does Auxier Road own or lease transportation equipment? What is Auxier Road's policy concerning usage of its transportation equipment? Do Auxier Road's employees have off-duty use of company-owned vehicles?

23. With reference to Exhibit 3, page 2, adjustment 15, provide the detailed calculations and work-papers supporting the \$2,088 income tax adjustment.

Done at Frankfort, Kentucky, this 10th day of May, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Hemmelf
For the Commission

ATTEST:

Secretary