

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF BELFRY GAS, )  
INCORPORATED AND FOR AUTHORITY TO ) CASE NO. 93-111  
INCUR ADDITIONAL INDEBTEDNESS )

O R D E R

IT IS ORDERED that Belfry Gas, Incorporated ("Belfry") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due within 20 days of the date of this Order.

1. Provide a copy of Belfry's general ledger for the test year. If available, provide the general ledger for each month of the test year.

2. Refer to Exhibit 5, page 1 of 1 of the application. Provide a detailed narrative explanation of the "Bad Debts Income"

referred to in Adjustment 2 of this exhibit. Additionally, provide all supporting workpapers for the 5 year average used in calculating the proposed adjustment to increase Bad Debts Income by \$1,133.36.

3. Refer to Exhibit 5, page 1 of 1 of the application. Provide a detailed narrative explanation of the "Bad Debts Expense" adjustment referred to in Adjustment 8 of this exhibit. Additionally, provide all supporting workpapers for the 5 year average used in calculating the proposed adjustment to increase Bad Debts Expense by \$2,319.01.

4. Provide the following payroll information for each employee:

a. The actual regular hours worked during the test year.

b. The actual overtime hours worked during the test year.

c. The actual test-year regular wages.

d. The actual test-year overtime wages.

e. The actual test-year wages capitalized.

f. The test-year-end wage rate for each employee and the date of the last increase.

g. State whether the 5 percent wage increase referred to in Item 4 of Exhibit 5, page 1 of 1 of the application, has been granted and if so, when.

The information shall identify all employees as either salaried or hourly, and also as either full-time, or temporary.

Include an explanation of how the overtime pay rate is determined. Any newly hired or terminated employees shall be identified along with the month in which the hiring or termination occurred.

5. Provide the following payroll tax information:

a. The base wages and salaries used to calculate the taxes.

b. The tax rates in effect at test-year-end.

6. Provide a listing of all employee benefits available to Belfry's employees. Include the number of employees at test-year-end covered under each benefit, the test-year-end actual cost of each benefit and the amount of the cost capitalized.

7. Provide a detailed analysis of Account No. 933, Transportation Expenses, for the test year. Include with this response all workpapers supporting this analysis. At a minimum, the workpapers shall show the vendor, dollar amount, and a brief description of each expenditure.

8. Provide the following information concerning the costs for preparation of this case:

a. For costs incurred to date, provide a detailed schedule of these expenditures. At a minimum, the schedule shall include the date of the transaction, check number or other documentation reference, the vendor, amount, hours billed, hourly rate, and a description of the services performed. Include copies of invoices received from the vendors.

b. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above.

9. Provide a 90 day aging of accounts receivable. Additionally, provide a detailed narrative explanation of the procedures Belfry undertakes to collect past due accounts receivable.

10. Refer to Exhibit 1, page 2 of 2 of the application. Provide a detailed narrative explanation for the "Returned Checks on Hand" totalling \$780.34 at December 31, 1992. Additionally, provide the journal entries made by Belfry in recording these returned checks on the books of the company. Additionally, state the length of time these checks remain on the Balance Sheet of the utility and the procedures undertaken by Belfry to collect these items.

11. Provide an analysis of Account No. 761, Mains and Services Labor, totalling \$21,532 during the test year. This analysis should include a comparison of the test-year amount with the balances in the account for each of the past 3 years. Additionally, provide a detailed explanation for annual increases in excess of 5 percent and explain why this level of Mains and Services Labor can be expected to continue in the future.

12. Provide an analysis of Account NO. 901, Meter Reading Labor, totalling \$21,532 during the test year. This analysis should include a comparison of the test year amount with the balances in the account for each of the past 3 years.

Additionally, provide a detailed explanation for annual increases in excess of 5 percent and explain why this level of Meter Reading Labor can be expected to continue in the future.

13. Provide a detailed analysis of Account No. 920, Administrative and General Salaries, totalling \$42,333 during the test year. This analysis should include a comparison of the test-year amount with the balances in the account for each of the past 3 years. Specifically, provide a detailed narrative explanation for the 90 percent increase in this account from 1990 to 1991 and the 50.6 percent increase in this same account from 1989 to 1990. Additionally, provide a detailed explanation for annual increases in excess of 5 percent and explain why this level of Administrative and General Salaries can be expected to continue in the future.

14. Refer to Exhibit 6, page 1 of 1 of the application. State the purpose of normalizing the interest expense on the proposed debt over a 10 year period as opposed to averaging interest expense over some other period, such as the life of the proposed debt.

15. In determining the revenue requirements needs of a utility using the rate of return on rate base methodology, as proposed by Belfry, a central assumption is that there is a correlation between the capitalization of the utility and the rate base of the utility. Since Belfry has a negative capitalization, state how Belfry determined that its revenue needs should be determined based on a 10 percent return on rate base.

16. Refer to Exhibit 12, page 1 of 1 of the application. Provide the following information:

a. A breakdown of the \$7,494.91 decrease to Other Income (except surcharge).

b. A breakdown of the Test Period Adjustments totalling \$340.52.

c. A detailed narrative explanation for the inclusion of the principal payments on the proposed debt as a component of the return sought by Belfry.

17. Reference Application and Notice, Exhibit 5, page 1. For the \$25,955.64 adjustment from Other Income for Surcharge Income, provide all supporting calculations and workpapers used to arrive at this amount.

18. Reference Application and Notice, Exhibit 10. For the year end gas sales revenue, 58,804 Mcfs are listed as being over 1 Mcf. Provide all supporting calculations and workpapers used to arrive at this number.

19. Provide the pipeline replacement program to maintain the integrity of your distribution system.

20. Provide a sketch showing the pipe's route, material, and size for those pipes that need to be replaced in the replacement program.

21. Provide information regarding the master meters of the two gas suppliers to Belfry and volume provided by the suppliers and the gas loss, if any, for each month of the test year.

22. Provide the records of meter testing.

23. Provide the contracts between Belfry and its two gas suppliers - Kinbag Development and Columbia Gas Transmission Company.

Done at Frankfort, Kentucky, this 19th day of May, 1993.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director