

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF  
EAST KENTUCKY UTILITIES, INC.

) CASE NO.  
) 98-280

O R D E R

IT IS ORDERED that East Kentucky Utilities, Inc. ("East Kentucky") shall file no later than August 26, 1998 an original and 8 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.

1. Refer to East Kentucky's response to Item 2(c) of the Commission's Order dated July 14, 1998. Explain what services are being provided to East Kentucky from the following vendors. Provide a copy of any contract for the services for each vendor.

- a. Mike Spears CPA.
- b. Tax Consulting Inc.
- c. John Allen Jr.
- d. Lawton Allen CPA.

2. Refer to East Kentucky's response to Item 2(e) of the Commission's Order dated July 14, 1998.

a. Provide the number of employees at test-year-end covered under each benefit and provide the amount capitalized.

b. Do the employees pay any portion of the retirement, life insurance, or health insurance?

c. Provide a description of each benefit.

3. Refer to East Kentucky's response to Item 2(e) of the Commission's Order dated July 14, 1998. Do any of the employees receive or have the option to receive insurance from another employer? (In Case No. 90-002,<sup>1</sup> it was disclosed that David Allen worked in a government job and had health insurance provided to him.)

4. Refer to East Kentucky's response to Item 6 of the Commission's Order dated July 14, 1998. Provide justification for the premium increases in life and health insurance.

5. Refer to East Kentucky's responses to Item 6 and Item 14 of the Commission's Order dated July 14, 1998. Item 14 shows that East Kentucky used base

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<sup>1</sup> Case No. 90-002, The Application of East Kentucky Utilities, Inc. For Adjustments of Rates for Changes in Rules and Regulations and Approval of Indebtedness Pursuant to KRS 278.300, Order dated October 10, 1990.

salaries and wages of \$143,465 to calculate retirement. Sheet 5 of 5 of Item 6 shows base wages to be \$142,751 in calculating retirement. Explain the discrepancy.

6. Refer to East Kentucky's response to Item 6 of the Commission's Order dated July 14, 1998. Explain why Sheet 5 of 5 shows the test period expense for retirement to be \$12,348 and Sheet 4 of 5 shows the test period expense to be \$12,409.

7. Refer to East Kentucky's response to Item 6 of the Commission's Order dated July 14, 1998. Explain the calculation of the adjustments to Maintenance and Service Labor, Accounts Supplies and Expenses and Administrative and General Salaries.

8. Refer to East Kentucky's response to Item 7 of the Commission's Order dated July 14, 1998.

a. Where did East Kentucky store meters, regulators and maintenance supplies before renting the basement space?

b. Did East Kentucky have to pay rent for the space and what was the amount?

c. How was the \$100 rent for the basement space determined?

9. Refer to East Kentucky's response to Item 11 of the Commission's Order dated July 14, 1998. Over what period would East Kentucky propose to amortize the rate case expenses?

10. Refer to East Kentucky's response to Item 12 of the Commission's Order dated July 14, 1998. What are total salaries and wages for the test year? What does the 4.67 percent represent?

11. Refer to East Kentucky's response to Item 18 of the Commission's Order dated July 14, 1998. What are the interest coverage requirements for the DLG note?

12. Refer to East Kentucky's response to Item 19 of the Commission's Order dated July 14, 1998.

a. What method of calculating depreciation expense is East Kentucky utilizing when referring to "Fed Basis"?

b. For each reference to "Fed Basis" provide the depreciation rate used.

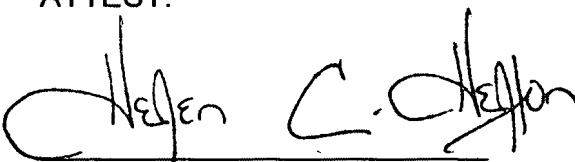
13. Refer to the calculation of the required increase in the Application. Provide a workpaper showing how the Debt Service & Bond Requirement of \$108,153 was calculated.

Done at Frankfort, Kentucky, this 12th day of August, 1998.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director