

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BURKESVILLE GAS)	
COMPANY FOR AN ADJUSTMENT OF RATES)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE)	2008-00032
FILING PROCEDURE FOR SMALL UTILITIES)	

COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO THE BURKESVILLE GAS COMPANY

Burkesville Gas Company (“Burkesville”), pursuant to 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, unless otherwise stated, with a copy to all parties of record. The information requested herein is due on or before April 23, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

Burkesville shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Burkesville fails or refuses to furnish all or part of the requested information, Burkesville shall provide a

written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to paragraph 2 of Burkesville's letter to the Commission dated March 4, 2008. This paragraph states that the \$7.50 per month identified in its original application as a "minimum billing charge" will be a "customer monthly charge." Is it Burkesville's understanding that a customer charge does not include any usage (i.e., all usage is billed in addition to the customer charge)?

2. Provide a copy of the monthly billing registers for January 2007 through December 2007. The billing registers should show individual customers, usage, and amount billed. Provide only one copy, which can either be a paper copy or on a computer disk in Microsoft Office Excel format.

3. Provide a copy of the 2007 purchased gas invoices and transmission fee invoices.

4. Refer to the Addendum to Attachment 7 of Burkesville's application. This document shows the revenue from present and proposed rates for the test period 2007. Does the total customer number in the second column include inactive customers?

a. If yes, provide the 2007 customer totals by month for active customers only.

b. If yes, for purposes of calculating the customer charge revenue in the seventh column, explain why inactive customers are included in the calculation.

5. Refer to page 1 of Addendum 1 (2007 Actual vs. Proposed) of Burkesville's March 4, 2008 letter. Provide a breakdown by month and type of service charge for Account 488, Miscellaneous Service Revenue which is shown at \$1,038.75.

6. List all business activities of Burkesville aside from its regulated utility activities. For each activity listed, describe the accounting policies and procedures in place to ensure that those activities are not subsidized by regulated rates or vice versa.

7. Attached to its March 4, 2008 letter is an electronic copy of Burkesville's general ledger for the 12-month period ending December 31, 2007. Provide one paper copy of Burkesville's general ledger for the 12-month period ending December 31, 2007.

8. For each cash account used by Burkesville during the test year, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

9. Provide a copy of the audited financial statements for the 12-month period ending December 31, 2007. Include a copy of all audit adjustments made to the financial statements. If those audited financial statements are not currently available, give a reasonable date on when this information will be submitted to the Commission.

10. Refer to the Application, Attachment 2, Exhibit A, Account 40802 – FICA, Medicare.

a. Provide an updated schedule showing the actual payroll and FICA/Medicare for calendar year 2007.

b. Using the employee pay rates effective in 2008 provide the same information requested in 10(a). Include copies of all workpapers, calculations, and assumptions used in this response.

11. Provide a list of all employees employed during the calendar year 2007. For each employee listed, provide the following:

- a. Name.
- b. Title.
- c. Length of employment with Burkesville.
- d. Job duties.
- e. The pay rate effective in calendar year 2007 and the current pay rate.
- f. The regular time worked and overtime worked in calendar year 2007.
- g. Percentage of calendar year 2007 payroll that was capitalized.
- h. Percentage of calendar year 2007 payroll that was allocated to unregulated operations.
- i. Total test-period payroll expensed and capitalized.
- j. Type of employee benefits (i.e., health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Burkesville.

12. Provide a detailed list of all fringe benefits available to Burkesville employees and the actual test-period cost of each benefit and the pro forma cost. Provide comparative cost information for calendar years 2005, 2006, 2007, and 2008. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits occurring over this period.

13. a. Provide a schedule detailing all test-period expenditures related to the application filed in this current proceeding. Provide in the schedule the nature and amounts of all charges along with a copy of vendor invoices. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

c. Provide a monthly update of the schedule requested in 13(a) showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in 13(a).

14. Refer to Burkesville's March 4, 2008 letter, Attachment 2 – Exhibit F, Account 92401 – Liability Insurance.

a. Provide copies of all liability insurance invoices received in 2007 to support the expense level of \$28,819.

b. Provide copies of any liability insurance invoices that Burkesville has received in 2008.

c. The proposed Liability Insurance expense reflects a decrease of \$1,715.20. Provide a detailed explanation for the proposed decrease.

15. Provide a copy of Burkesville's latest state and federal income tax returns with the taxpayer identification number redacted.

16. Refer to the application, Attachment 2, Exhibit E, Account 92303 – Management Fee and to Addendum 1 of Burkesville’s March 4, 2008 letter.

a. Explain why Burkesville did not record Management Fees in its 2007 operations.

b. Burkesville states that Tom Shirey is the officer responsible for the management services rendered. Provide a detailed list of management duties performed by Mr. Shirey.

c. Burkesville estimates that Mr. Shirey devotes 18 hours per month providing services and expertise to Burkesville. Provide documentation to support Burkesville’s estimated hours.

d. According to Burkesville the billing rate for Mr. Shirey’s services is \$100 per hour. Provide a detailed calculation of how the \$100 billing rate was derived.

e. Provide a schedule comparing the management fees paid by Burkesville for Mr. Shirey’s management services for the calendar years 2000 through 2007.

17. On page 4 of its application, Burkesville states that it is requesting an increase in revenues of \$100,034.

a. Provide a detailed calculation of Burkesville’s original revenue requirement showing how it arrived at its requested increase of \$100,034.

b. Provide a schedule showing the calculation of Burkesville’s revised revenue requirement and requested increase using the proposed operations contained in Addendum 1 of Burkesville’s March 4, 2008 letter.

c. For the calculation in 17(a) and 17(b) show the amount of requested revenue requirement that is attributable to the purchase of gas and gas transportation costs.

18. For each debt of Burkesville currently outstanding or outstanding during the test year, provide the following:

a. A current amortization schedule that includes the entire life of the loan or bond and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

b. A description of the use of the borrowed funds.



Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Dated: April 2, 2008

cc: Parties of Record