

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF PUBLIC GAS COMPANY FOR ) CASE NO.  
RATE ADJUSTMENT FOR SMALL UTILITIES ) 2012-00431  
PURSUANT TO 807 KAR 5:076 )

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO  
PUBLIC GAS COMPANY

Public Gas Company ("Public"), pursuant to 807 KAR 5:001, is to file electronic responses with the Commission, and a paper original of the following information, with a copy to all parties of record. The information requested herein is due on or before December 21, 2012. The paper original of the 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 the 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.

Public shall make timely amendment to any prior response 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 request to which Public fails or refuses to furnish all or part of the requested information, it shall

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

Careful attention shall 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.

1. Refer to the response to Item 1 of the Commission Staff's First Request for Information ("Staff's First Request") and the attached Exhibit Brainard 1.

a. Provide (1) a breakdown of the proposed cost of Public's insurance among the six different types of insurance identified in part c. of the response; (2) the entities from whom Energy West purchases the insurance for the entire corporation; and (3) whether any of the entities are affiliated with any companies that are part of Gas Natural, Inc. ("Gas Natural").

b. Provide a detailed description of process employed by Energy West and/or Gas Natural to select insurance providers.

c. The original request asked whether the "group" insurance applies to employees only or also to spouses and dependents; however, the response did not address that part of the request. Provide the information originally requested.

d. Six employees are listed in Exhibit Brainard 1.

(1) Explain why the number of employees has been increased since Gas Natural's acquisition of Public.

(2) Provide the job title and duties of each employee.

(3) For the three employees identified as new hires, identify and describe the duties they perform that were not being performed prior to their hiring.

(4) The two newest employees were hired on May 29, 2012. Provide their wage rates or salaries as of that date.

(5) The pay rate of one of the three employees identified as incumbents has increased by more than 20 percent since December 31, 2011. Explain why this occurred when neither of the other two incumbent's pay rates has changed.

2. Refer to the response to Item 2 of Staff's First Request. Provide the costs incurred to date by Public for the (1) outside rate consultant; (2) outside legal counsel; and (3) publication of legal notices. To the extent that additional costs may be incurred in some of these categories, provide an estimate of those additional costs, assuming that (1) there will no hearing in this case; and (2) a one-day hearing will be held.

3. Refer to the response to Item 3 of Staff's First Request and Exhibits Brainard 2 and 3. The response indicates that the allocation percentage of corporate overheads to Public will be 1.76842 rather than 3.0 percent as shown in the application.

a. Confirm that, in response to part c. of the original request, the 12 months ended August 31, 2012, as shown in Exhibit 2, is the period upon which the revised allocation percentage is based.

b. Exhibit 3 includes Energy West Services' summary of expenses for three different periods: (1) budgeted for calendar year 2011; (2) eight months actual and four months budgeted for 2011; and (3) budgeted for calendar year 2012.

1) Explain why the 12 months actual for calendar year 2011 is not included in the exhibit and whether that is available. If it is available, provide it.

2) State whether a partly actual/partly budgeted summary of expenses is available for calendar year 2012. If not, explain.

c. For a number of items in the summary of expenses in Exhibit Brainard 3, the budgeted amounts in 2012 reflect substantial increases over the 2011 budgeted amounts. Provide an explanation for the increases in each of the following expense items:

- 1) Auditing;
- 2) Employee benefits;
- 3) Employee travel and entertainment;
- 4) Rent for Ohio office;
- 5) Director fees.

d. Identify any of the corporate level expenses listed in Exhibit Brainard 3 that have increased above what they otherwise would have been if Public had not been acquired by Gas Natural.

e. Provide a general discussion of why the customers of Public, a utility which has historically provided adequate service and appears to have been adequately operated, should be required to pay for corporate-level expenses incurred by Gas Natural/Energy West solely because the ownership of Public has changed; and identify any of the corporate level expenses.

  
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DATED DEC 07 2012

cc: Parties of Record

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