

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF VALLEY GAS FOR AN ) CASE NO.  
ALTERNATIVE RATE ADJUSTMENT ) 2013-00150

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO VALLEY GAS

Valley Gas ("Valley"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the individual 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.

Valley 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 Valley fails or refuses to furnish all or part of the requested information, Valley 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.

1. Refer to ARF Form 1 – Attachment SR, Reasons for Application. Paragraph 3 indicates that the proposed customer charge is \$13. Confirm that Valley is proposing a customer charge of \$15, as reflected in the Billing Analysis and the Notice.

2. Refer to the Schedule of Adjusted Operations – Gas Utility, Sheet 2 of 2, reference item A., which refers to the adjustment of \$4,800 shown on Sheet 1 of 2, to “Administrative and General Expenses.” The reference states that the adjustment reflects proposed wage increases of \$2,400 for each of “the two employees.”

a. Confirm that the two employees are Kevin and Kerry Kasey, shown in Valley’s 2012 annual report as its Vice-President and Secretary, respectively, each of whom is shown in the report as having a \$30,000 salary in 2012.

b. Provide separately the annual salary of each of the two employees in the years 2008, 2009, 2010, and 2011.

c. The proposed increases of \$2,400 represent an eight percent increase above the \$30,000 salaries shown in Valley’s 2012 annual report for Kevin and Kerry Kasey. Explain how the amount of the proposed increases was chosen.

d. Explain whether the employees' receiving the proposed increases of \$2,400 each is dependent on the Commission granting the requested revenue increase of \$39,757, which includes the amounts of the proposed increases.

e. If the Commission were to approve an adjustment smaller than the proposed adjustment of \$4,800, explain whether Valley would limit the employees' wage increases to the amount approved by the Commission.

3. Refer to the cost support for the Collection Fee.

a. Confirm how many hours are used in calculating the proposed fee. Although the cost support indicates one hour for a service person and one hour for a clerical person, it appears from the calculation that 0.5 hour per person was used.

b. The label for the \$17.78 fee indicates that it is the Calculated Reconnection Fee. Confirm that the calculation is for the Collection Fee.

c. Explain how the proposed fee of \$25 was chosen when the actual cost of providing the service is \$17.78.

4. Refer to the cost support for the Reconnect Fee.

a. Explain in detail how the \$11.48 charge for the Fringe Benefit Rate was determined. The explanation should include the use of the percentage rate of 35.

b. Explain why the 35 percent Fringe Benefit Rate includes the Vehicle Charge and is not based solely on labor charges.

c. Explain how the proposed rate of \$50 was chosen when the actual cost of providing the service is \$44.26.

5. In the Commission's Order in Case No. 2006-00012,<sup>1</sup> a \$25 charge for Returned Checks was authorized for Valley. Valley's tariff on file with the Commission does not include a Returned Check charge. State whether Valley has been collecting this charge, and if so, why the charge is not included in its tariff.

6. Refer to Valley's Notice to its customers.

a. Explain why a Reconnection Charge of \$25 is listed when Valley's current tariff on file indicates a charge of \$15.

b. State whether Valley has been collecting a \$25 Reconnection Fee, and if so, provide the case number in which the Commission authorized a \$25 charge for reconnecting service.

7. Refer to Valley's Notice to its customers, which reflects the proposed increase from \$10 to \$15 in its monthly customer charge.

a. State whether Valley has received any complaints from customers regarding the proposed 50 percent increase in the customer charge.

b. State whether Valley believes a \$15 customer charge, if approved, will create a hardship for any of its customers.

8. Based on the sales volumes and number of customers shown in Valley's Annual Reports filed with the Commission, the average monthly usage for its residential customers has declined from 9.34 Mcf in 2010, to 4.90 Mcf in 2012. Over the same period, average commercial use has declined from 20.98 Mcf to 7.98 Mcf per month.

a. Identify and describe what Valley believes are the causes of the decrease in average monthly usage in each of the two rate classes.

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<sup>1</sup> Case No. 2006-00012, Application of Valley Gas, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC March 29, 2006).

b. Explain whether Valley believes its 2012 sales to be representative of its customers' ongoing usage characteristics.



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Jeff Derouen  
Executive Director  
Public Service Commission  
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DATED         **JUN 28 2013**        

cc: Parties of Record

Case No. 2013-00150

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Secretary  
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