

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

GENERAL RATE ADJUSTMENTS IN GAS RATES)
OF COLUMBIA GAS OF KENTUCKY, INC.) CASE NO. 9003

O R D E R

IT IS ORDERED that Columbia Gas of Kentucky ("Columbia") shall file an original and 12 copies of the following information with the Commission by July 23, 1984, 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 is 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 insure 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. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Does Columbia incur any debt (whether trade payables, notes payable of a long- or short-term nature, commercial paper of all kinds, etc.) as a constructive result of its practice of nominating natural gas?

2. The Uniform System of Accounts for Class A and B Natural Gas Companies states in regard to Account No. 165--Prepayments that

This account shall include payments of rents, taxes, insurance, interest, and like disbursements made prior to the period to which they apply.

a. In view of the above and if Columbia does incur debt of any kind associated with prepaids, on what basis does Columbia feel that nominated gas is a prepaid item in the sense of the Uniform System System of Accounts for Class A and B Natural Gas Companies?

b. If the nominated gas is an inventory item, provide a detailed description including the original cost of, the acquisition date of, the useful life of, the associated amortization, depletion, or depreciation for 1983, of the storage facilities. Also, provide the appropriate account number and account title as prescribed by the Uniform System of Accounts for Class A and B Natural Gas Companies.

c. Provide the end-of-month balances from December 1982, through December 1983, of all indebtedness of any kind constructively related to prepaid nominated gas.

3. Based on calculations performed on the information contained in the response to Item No. 9 of the Commission's Order

dated April 2, 1984, there is a 97.5 percent probability that the correlation between the end-of-month balances of prepaid nominated gas and accounts payable to associated companies is 78.95 percent or greater. The information supplied in response to Item No. 37 of the Commission's Order dated June 8, 1984, does not explain the level of association cited above. Provide an analysis of Accounts Payable to Associated Companies which includes all end-of-month balances in excess of \$50,000 owed to a single supplier for each month from December 1982, through December 1983. For each amount in excess of \$50,000, provide the debit side of the entry, the name of the entity to be paid, the date when the indebtedness was incurred, and a description of the assets or services purchased. All like items which are individually \$50,000 or less may be grouped with analogous information as required above. The total balance for each month should reconcile with the monthly balances for Payables to Associated Companies as reported in Columbia's response to Item No. 9 of the Commission's Order dated April 2, 1984.

4. For the test year, provide copies (front and back) of all the negotiable instruments used to pay for monthly gas deliveries or other original documentation which provides the exact date when the drawee (bank or financial institution) reduced the amount of total cash in Columbia's drawing account.

5. Provide copies (front and back) of the original billing invoices to Columbia for monthly gas purchases and subsequent payments for the test year.

6. Provide a thorough explanation of Columbia's accounting procedures in regard to cash receipts. This narrative should include a time schedule noting the time differences between cash receipts, cash deposits, and posting to Accounts Receivable. Provide documentation as to the time schedule.

7. Provide a schedule of the accumulated layers of Job Development Investment Tax ("JDIT") credit. For each layer provide the year when the credits became available, the amortization or normalization period, the amount amortized in the test year, and the known amount to be amortized in 1984. Also, provide a thorough explanation as to why Columbia feels that the exclusion of JDIT credit is reasonable as indicated in Exhibit 6, Schedule 1 of the application. Provide all additional credits available to Columbia since 1983.

8. Provide a schedule of the accumulated layers of regular Investment Tax credit. This schedule should include the same information (except the narrative portion) as requested for the JDIT credits.

9. Provide the information as previously requested in Item No. 20 of the Commission's Order dated April 2, 1984.

10. Provide an analysis of all cost savings, all productivity increases, and/or a thorough explanation of all hazardous conditions ameliorated by the construction of the new office building in Columbus. All tangible cost savings or tangible increases in productivity should be quantified as an annual dollar amount for each specific item. Provide the basis, assumptions, facts, and calculations supporting these amounts.

11. Provide a program flowchart for the lead/lag study computer program. This flowchart should illustrate the sequence of logical operations and detailed steps performed by the computer and should use the standard flowcharting symbols adopted by the American National Standards Institute. The flowchart should be accompanied by a detailed explanation (appropriately referencing the flowchart) of the computer algorithm.

12. In reference to the response to Item No. 33 of the Attorney General's request dated June 1, 1984, and in reference to Item No. 39 of the Commission's Order dated June 8, 1984, does the actuarial percentage of 8.718 percent for determining the basic contribution amount take into account the 1983 actuarial gain of \$38.1 million? If not, provide the dollar effect of amortizing Columbia's share of the \$38.1 million actuarial gain on the future pension costs of 1984, 1985, and 1986.

13. The response to Item No. 47 of the Commission's Order dated June 8, 1984, indicates transportation contracts total 1,913,200 Mcf in 1984. Provide the actual or estimated amount of this gas that was transported in the first 6 months of 1984. Is this also the estimated or actual amount of the associated reduction in industrial tariff sales in the first half of 1984?

14. Provide all workpapers and documentation in support of Exhibit 9 (Gas Requirements and Supply), Schedule 2, filed with the Commission on April 30, 1984.

15. Were any methodologies other than those employed to construct Exhibit 9, Schedule 2 used to estimate the effects on

customer usage of higher gas prices, customer conservation, and normal equipment replacement? If so, please identify.

Done at Frankfort, Kentucky, this 17th day of July, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Herman
For the Commission

ATTEST:

Secretary