

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES OF DELTA    )  
NATURAL GAS COMPANY, INC.            )    CASE NO. 9059

O R D E R

IT IS ORDERED that Delta Natural Gas Company, Inc., ("Delta") shall file an original and 12 copies of the following information with a copy to all parties of record with this Commission by September 28, 1984, or within 1 week after the date of this Order, whichever is later. 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 insure that it is legible. Where information requested herein has been provided elsewhere in this record, 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.

ISSUE: RATE CASE EXPENSE

1. Provide a detailed analysis of all accounting, legal, consulting, and advertising expenses incurred in association with this rate case. For each of these four areas, the analysis should reflect the specific services provided, as well as the amount of expense associated with each service. Where applicable, the analysis should indicate the number of hours and the hourly fee charged for a specific service.

In addition, provide the amounts of these expenses that were incurred during the test period, citing the specific accounts wherein such items are reported per the test-period operating statement.

ISSUE: PROFESSIONAL SERVICES EXPENSE

2. Provide an explanation of the general nature of the services provided by Hand and Associates for which Delta incurred test period expenses of approximately \$20,156, as reflected in the analysis of Account No. 930 per Delta's response to Item No. 25 of the Commission's June 7, 1984, information request.

3. Provide an explanation of the services provided by Arthur Anderson and Company in association with the following items which, according to the response to Item No. 26 of the Commission's June 7, 1984, information request, pertain to regulatory and rate-making matters:

<u>Billing No.</u>	<u>Amount</u>
109822	\$1,900
109817	\$2,700
108387	\$2,800

In addition, provide details as to whether these expenses were incurred in association with Delta's current rate case and were included in the proposed adjustment to rate case expense as reflected per page 14 of 14 of the response to Item No. 16 of the Commission's June 7, 1984, information request.

ISSUE: EMPLOYEE BENEFITS

4. According to the direct testimony of Mr. Glenn Jennings, Delta changed to self-insurance for medical and hospitalization coverage in 1982, with the result being substantially less cost than insurance coverage through a carrier. Provide complete details regarding the basis upon which this change was enacted, including the results of any studies conducted with regard to the cost differential between self-insurance and insurance through a carrier.

5. Provide an explanation of the reason(s) that Account No. 9264--Medical Coverage increased by an amount of \$40,000 during the test period, as evidenced on page 7 of 10 of Delta's response to Item No. 18 of the Commission's June 7, 1984, information request.

6. Provide an analysis of Account No. 9264--Medical Coverage for the test period and the previous 5 years.

7. According to Delta's response to Item No. 12 of the Attorney General's first information request, the \$76,000 increase

in the test-period pension expense resulted from an increased number of employees participating in the pension plan, as well as higher payroll costs. Provide the number of employees participating in the pension plan at March 31, 1983, and March 31, 1984.

8. Provide a description of the general terms, conditions, and provisions of Delta's pension plan.

9. Provide an analysis of Delta's pension expense, Account No. 9262, for the test period and the preceding 5 years.

ISSUE: WAGES AND SALARIES EXPENSE

10. With regard to the vacant positions for which Delta has proposed a salary expense adjustment in the amount of \$100,000 per the response to Item No. 16 of the Commission's June 7, 1984, information request, provide details as to whether any of these positions have been newly created as a result of Delta's planned expenditures of \$1.5 million to upgrade its system.

11. With regard to the annualization of payroll costs as reflected on page 1 of 14 of the response to Item No. 16 of the Commission's June 7, 1984, information request, provide the following information:

a. The basis upon which payroll costs were annualized at May 23, 1984, instead of March 31, 1984.

b. Workpapers in support of the annualized payroll cost reflecting the calculation of the \$3,215,330 amount.

c. The annualized payroll costs as of March 31, 1984, as well as the workpapers reflecting the computations in support thereof.

12. Provide the effective dates as well as the percentage amounts of any payroll increases granted during the test period according to employee classifications, as well as any post-test-period increases granted between March 31, 1984, and July 1, 1984.

13. In Item No. 32 of the information request dated August 17, 1984, the Commission requested a comparative analysis of the salaries and certain benefits of specific Delta employees for the test period, as well as 1984, 1983, and 1982. In its response, Delta did not present this information as requested. Therefore, provide the comparative analysis of salaries and benefits as indicated per Item No. 32 of the Commission's August 17, 1984, information request.

14. Provide a breakdown of the following test-period personal expenses from page 5 of 10 of Delta's response to Item No. 18 of the Commission's June 7, 1984, information request. At a minimum this breakdown should include the date, vendor, reference (i.e., voucher no., etc.), dollar amount and description of each expenditure. Items of less than \$100 in value may be grouped within a common classification.

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
92121	President and CEO	\$15,000
92122	Officers	\$ 3,000
92123	Operation and Construction	\$18,000
92125	Administration	\$ 3,000

ISSUE: NORMALIZED REVENUE

15. Provide a detailed analysis of the source of the \$61,821 amount shown as miscellaneous operating revenue on page 9 of Item 16 of the response to the Commission's first information request.

16. Provide a billing analysis for the \$328,949 amount shown as transportation revenue.

17. Using the billing units in the billing analysis for transportation revenue and the proposed transportation rates provide a calculation of the revenue that will be produced from these rates.

Done at Frankfort, Kentucky, this 24th day of September, 1984.

PUBLIC SERVICE COMMISSION

*Richard D. Donoghue*  
For the Commission

ATTEST:

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Secretary