

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF COLUMBIA)
GAS OF KENTUCKY) CASE NO. 9554

O R D E R

IT IS ORDERED that Columbia Gas of Kentucky, Inc., ("Columbia") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by September 9, 1986, or within 2 weeks 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 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.

Information Request No. 3

1. With regard to the construction of the facilities to serve Toyota, please provide the expected completion date.

2. With regard to the construction of the facilities to serve Toyota, please provide Columbia's best estimate of ongoing sales, both Mcf's and revenues, to Toyota. Please provide the calculations, assumptions and a narrative supporting the estimate.

3. With regard to Columbia's response to Item No. 3 of the Commission's second request, please provide:

- a. A narrative describing the circumstances resulting in the gain on reacquired debt;
- b. The journal entry to record the gain;
- c. Columbia's share of the gain;
- d. The method of calculating Columbia's share of the gain;
- e. The date when the gain was recognized on Columbia's books;
- f. The amount of Columbia's system wide gain; and
- g. The date the Columbia system recognized the gain.

4. With regard to Columbia's response to Item No. 4 of the Commission's second data request, please provide for each of the following items of tax credit deferral in Account 283, a specific explanation of the circumstances which created the tax versus book timing difference and Columbia's reason for not accounting for the tax credits as part of rate base.

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
283-1041	Uncollectible Accounts Federal	\$ 118,281
283-1042	Uncollectible Accounts State	16,724
283-1071	Deferred Gas Purchase Costs Federal	2,381,646
283-1072	Deferred Gas Purchase Costs State	361,117
283-1081	Property Taxes Federal	155,567
283-1082	Property Taxes State	361,117
283-1191	Interest on Prior Year FIT Federal	66,451
283-1192	Interest on Prior Year FIT State	10,075
283-1421	Unbilled Revenue Federal	3,055,732
283-1422	Unbilled Revenue State	442,104
283-2561	Distribution Information System Federal	113,283
283-2562	Distribution Information System State	16,378
283-2721	Capitalized Interest During Construction Federal	36,645
283-2801	AFUDC Federal	6,797
283-2802	AFUDC State	943

5. With regard to Columbia's response to Item No. 6 of the Commission's second data request, why cannot monthly labor be restated at test-period year end wage rates?

6. With regard to Columbia's response to Item No. 7 of the Commission's second data request, Columbia stated that the \$458,034 wage increase begins in December 1986. The union contract provided in response to Item 43 of the Commission's first request expires in December 1986. On what basis does the wage increase of \$458,084 meet known and measurable criteria? On what

basis does the wage adjustment meet the criteria of the matching conception in regard to revenues, expenses rate base and capital?

7. In regard to Item No. 9 of the Commission's second request, Columbia stated that it favored a 5-year average of ordinary uncollectible accounts to determine a normative amount of uncollectibles; however, Columbia did not comment on the use of a weighted percentage, a simple average of the absolute amounts or a simple average of the percentage of net uncollectibles to revenues. Why did Columbia choose a simple average of the absolute amounts of ordinary uncollectibles?

8. For the past 5 year history of uncollectible accounts (1981 through 1985) please provide the net charge offs for residential sales, small industrial and commercial sales, industrial sales and sales for resale.

9. In reference to Columbia's response to Item 14 of the Commission's second data request, was a 33-year useful life utilized to determine a depreciation rate for each vintage of mains when installed? If not, please provide for each vintage of pipe, the original useful life and the date and useful life of any subsequent useful lives.

10. With reference to Columbia's response to Item No. 15 of the Commission's second data request, was a 20-year useful life utilized to determine a depreciation rate for each vintage of services when installed? If not, please provide for each vintage of pipe, the original useful life and the date and related useful life of any subsequent useful lives.

11. In regard to Columbia's response to Item No. 12 of the Commission's second request, please explain how a negative or positive salvage value extends or shortens respectively the useful life of mains and services.

12. In regard to Services, Account No. 380, please provide an example of the nature, purpose and behavior of the costs of negative salvage value. The example should include a description of the cost, the purpose for incurring the cost, a representative cost amount and the journal entry to record the costs.

13. In regard to Mains, Account No. 376, please provide an example of the nature, purpose and behavior of the costs of negative salvage. The example should include a description of the cost, the purpose for incurring the cost, a representative cost amount and the journal entry to record the costs.

14. If, on average, mains have a negative salvage value, what necessitates reclaiming the mains rather than merely abandoning the mains. Please provide documentation.

15. If, on average, services has a negative salvage value, what necessitates reclaiming the service rather than merely abandoning the services. Please provide documentation.

16. Provide a schedule of Columbia Gas System's outstanding short-term debt for the test year ending December 31, 1985. This schedule should show the amount outstanding, the effective interest rate and the annualized interest expense for each note.

17. In response to the Commission's second Data Request, Item 23, Sheet 2 of 6, you have normalized your adjustment on line (9), A5, to a flex price of .239 per Mcf and on line 10, A6, to a

flex price of .05 per Mcf. Supply source of these rates and all work papers used in the determination of these rates.

18. Supply the amount of gas transported under DS tariff during the test period and the flex price adjustment. Also, the point of origin of the gas transported during the test period under the DS tariff (point of origin is where the gas originated such as Louisiana, Oklahoma, Texas, Western Kentucky or Eastern Kentucky).

19. If you were asked to further subdivide customers in low pressure and high pressure classifications, what categories would you use and what factors would be similar within these categories? (Testimony of W. L. Payne.)

20. State the reasons which support the assumption that number of customers is the prime determinate of costs. (Testimony of W. L. Payne.)

21. What costs are a direct result of volume of sales? (Testimony of W. L. Payne.)

Done at Frankfort, Kentucky, this 27th day of August, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director