

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF WESTERN )  
KENTUCKY GAS COMPANY ) CASE NO. 9556

O R D E R

IT IS ORDERED that Western Kentucky Gas Company ("Western") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by July 21, 1986. 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. 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 reference to Item No. 10c of the Commission's Information Request No. 2, provide the following information:

a. Confirm whether the proposed wages and salaries adjustment has been amended from \$531,755 to \$504,245.

b. Confirm whether the proposed payroll tax adjustment has been amended from \$<4,4048> to \$<6,620>.

2. State whether any temporary employees were on the work force as of the end of the test year. If so, provide an analysis

showing the amount of associated wages included in the wage normalization calculation.

3. Provide an analysis showing the peak shaving benefits, contract demand reductions, and any other cost savings associated with purchase of the natural gas transmission line from National Pipeline Company approved in Case No. 9075.

4. With reference to the \$38,000 monthly corporate allocation expense, provide the following information:

a. Provide a copy of the agreement or other correspondence or documentation which establishes the allocation of costs to Western.

b. State the percentage of total Texas American allocated costs allocated to Western.

c. Explain the factors which resulted in the allocated amount increasing by 39.7 percent from 1985 to 1986.

5. With reference to the proposed \$263,762 Regulatory Commission Expense, provide the following information:

a. Provide copies of itemized invoices for services rendered to date.

b. Explain the selection criteria employed with respect to retaining the parties selected to perform the cost of service study and rate design and rate of return analyses.

c. State whether bids were solicited for the performance of the aforementioned services.

d. Explain the basis for the projected \$40,000 in expenses for legal counsel.

e. Explain the basis for the \$35,000 projected expenses for preparation of data requests. State to whom these amounts are expected to be paid.

f. State the steps taken by Western to contain the amount of rate case expense associated with this proceeding and explain the extent to which permanent employees are participating in the presentation of the case.

6. With reference to the adjustment to eliminate institutional advertising expense, provide the following information:

a. Explain why test year charges to Account No. 913 were not eliminated by Western in its adjustment.

b. State the account to which advertising expenses promoting the "On the Mains" program were charged and the test year amount of such expenses.

7. Explain the reason for the 46 percent increase in the injuries and damages account over the test year. Also provide a list showing all settlements in excess of \$10,000 paid during the test year and indicate the total amount paid for settlements of less than \$10,000.

8. Refer to the response of Weller and VanMeter to question 20 of the Commission's Information Request No. 2. The response states that fee increases will have an insignificant impact on revenues due to the disincentive factor imposed by higher charges. Please provide the answer to question 20, using historical test year data for number of reconnections and insufficient funds charges.

9. Refer to response to question 14 of National Southwire's Information Request. Name the affiliate(s) alluded to and describe the relationship(s) to Western.

10. Refer to the response to question 23 of the Commission's Information Request No. 2; specifically to page 2 of 2 of the example, "Gas Cost Actual Adjustment for the Three Months Ended January 31, 1988.

a. In the recovery calculation by customer class, how is the actual cost of gas (line 10) allocated among Rate G-1, Rate G-2 Demand and Rate G-2 commodity?

b. In D-2 Recovered through Transportation (line 13), how are these amounts calculated and allocated? Please provide calculations, as well as specific references.

11. Why were G-2 and G-3 separate rate classes initially, if, as is said in the response to question 2 of the Commission's Information Request No. 2, there is no difference in G-2 and G-3 customers? On what basis were customers assigned to each? Why was there a difference in rates?

12. Refer to Exhibit 12 of Western's Notice; under proposed Rate G-2, explain the commercial and industrial bills of 180 and 968, respectively. If any of these billings have been transferred from the existing G-1 rate, why are the total billings under existing and proposed G-1 the same?

13. Provide a billing frequency analysis including detailed calculations and specific references to track the expected shift of customers from G-1 actual to G-1 and G-2 proposed. State any

assumptions made concerning such a shift and justification for such assumptions.

14. Provide a billing analysis (Exhibit 12) with revenues normalized to reflect rates actually approved in 8839-2 (not counting refund or surcharge factors).

15. Refer to VanMeter Exhibit 4 of the prepared testimony. For each item in each column show how much is due to actual purchases and how much is due to temperature adjustment, industrial sales loss adjustment, rolled-in transportation volumes adjustment and any other adjustment.

16. Refer to Exhibit 12 of Western's Notice. For each item in every column of present and proposed, show how much is due to actual test year sales and how much is due to temperature adjustment, industrial sales loss adjustment, rolled-in transportation volumes adjustment and any other adjustment.

17. With reference to Larson Exhibit 4, page 4 of 23, please explain the rationale or justification or assumptions underlying the allocations in footnote 2. Provide any supporting workpapers not previously included in exhibits.

Done at Frankfort, Kentucky, this 11th day of July, 1986.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary