

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PUBLIC GAS COMPANY, INC., OF)
GENERAL RATE ADJUSTMENT EFFECTIVE) CASE NO. 9565
MAY 12, 1986)

O R D E R

On October 10, 1986, the Commission issued its Final Order in this proceeding wherein it granted Public Gas Company, Inc., ("Public") additional revenues of \$36,726. On October 28, 1986, Public filed a motion for rehearing on the issues of a secretarial salary and rent expense.

Secretary's Salary

Public requested rehearing on the rejection, for rate-making purposes, of the salary for a full-time secretary, stating that not providing for personnel to perform billing and collecting work was contrary to fact and an arbitrary action. The Commission will grant rehearing to allow Public the opportunity to provide additional evidence on this issue. In order to support the need for the proposed expense, Public should provide testimony and documentation, relating to, but not limited to, the following:

1. Describe in detail the duties of the full-time secretary; also, indicate the number of hours per month devoted to each duty.
2. Provide a dollar amount for the "other costs" Public has mentioned being associated with the full-time secretary.

3. Explain in detail each function provided by the outside consulting firm and list the dollar amount for each function performed. Include a copy of the written contract for these services.

4. Describe in detail the duties of the general manager; also, indicate the number of hours per month devoted to each duty.

5. Provide any evidence that the level of wages and salaries and special contract for services included in the Order of October 10, 1986, are not reasonable in comparison to similar utility operations or other related businesses.

Public is given 30 days in which to file testimony and present additional proof on this issue.

Rent Expense

Public requested rehearing on the Commission's treatment of rent expense. The Commission will grant rehearing on this issue. In order to support the need for the proposed expense, Public should provide testimony and documentation, relating to, but not limited to, the following:

1. Provide evidence of the square footage rented, justify the necessity for the amount of square footage rented, and provide detailed descriptions of how this square footage is used (office, garage, storage, etc.). Also, include any justification for the amount of space rented for a utility of this size.

2. Provide the results of Public's investigation into other available office space; include the square footage available as well as monthly rent.

3. Provide evidence that the rent charge for the current office space compares favorably with the cost of similar office space in the market area.

4. Explain the terms of the rental arrangement and why this arrangement was left in oral form.

5. Explain how the monthly rent expense is not more than it would be in an arms-length transaction.

6. Explain the arrangement whereby Public's rent expense was subsidized in the past.

Public is given 30 days in which to file testimony and present other proof on this issue.

Public also requested that the staff and its workpapers be available for examination at the hearing. It is a generally accepted principle of administrative law that the preliminary work product is not subject to inquiry.

Summary

The Commission, after consideration of the petition for rehearing, the record in Case No. 9565, and being otherwise advised, is of the opinion and finds that Public should be granted rehearing on the issues of the secretary's salary and rent expense.

IT IS THEREFORE ORDERED that:

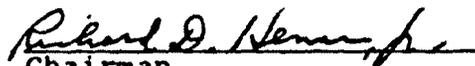
1. Public is hereby granted rehearing on the issue of the secretary's salary and rent expense.

2. Public shall, within 30 days, file testimony and present any other proof it deems appropriate on the issues granted rehearing herein.

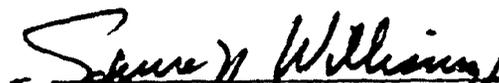
3. Public's request for examination of staff and workpapers is denied.

Done at Frankfort, Kentucky, this 14th day of November, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director