

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION BY JOHNSON AND)
ROBERTS REQUESTING APPROVAL) CASE NO. 9718
OF TRANSFER OF STOCK)

O R D E R

On October 17, 1986, an application was filed with the Commission by Gary C. Johnson and C. D. Roberts for the acquisition of Capitol Oil Company ("Capitol Oil").

In order to rule in this proceeding, the Commission is of the opinion that additional information is required from the proposed new operators. The Commission notes that the history of Capitol Oil's operation regarding compliance with the Commission's regulations has been inconsistent. Additional information is required by the Commission in order to determine the qualifications of the prospective buyers to operate Capitol Oil and their willingness to comply with the Commission's regulations.

IT IS THEREFORE ORDERED that Mr. Johnson and Mr. Roberts shall file an original and eight copies of the following information with this Commission, with a copy to all parties of record. 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 ensure that it is legible. The information requested

herein is due no later than December 24, 1986. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide copies of all documents in the possession of Capitol Resources related to the transfer of stock.

2. Provide the proposed journal entries to record the transfer of stock.

3. Provide a closing balance sheet for Capitol Oil prior to the transfer of stock and a beginning balance sheet subsequent to the transfer.

4. Provide a narrative description of all plans to be implemented by the new management affecting the finances of Capitol Oil.

5. Provide a narrative description of any anticipated changes in rates.

6. a. Provide a narrative description of all ongoing transactions to occur between Capitol Oil and Capitol Resources.

b. Provide the same information for transactions to occur between Capitol Oil and C.D. and G. Development Company (i.e., purchased gas, office rental, outside services employed, etc.).

c. For each of the transactions, state the annual cost to Capitol Oil and explain how this cost was determined.

7. a. Provide a narrative explanation of all Capitol Resources' operations other than the Capitol Oil operations.

b. Also, explain the advantages of the existing business structure to Capitol Oil's customers.

8. State the wholesale supplier of gas to Capitol Oil and explain how the cost of this gas is set.

9. Provide the articles of incorporation of Capitol Oil, Capitol Resources and C.D. and G. Development Company.

10. Provide a narrative explanation of the business relationship between Capitol Oil and Capitol Resources.

11. Provide a current balance sheet and income statement for Capitol Resources.

12. Are you familiar with the Commission's pipeline safety regulations regarding construction, maintenance and operation?

13. Have you attended any of the training programs sponsored by the Kentucky Gas Association? Which ones and when?

14. With reference to your letter to the Commission dated October 15, 1986, provide the up-to-date status of the following:

a. Corrosion Control (installation of anodes and insulators)

b. Main line valve inspection

c. Operation and Maintenance Manual

Done at Frankfort, Kentucky, this 10th day of December, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director