

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF )  
KENTUCKY, INC., FOR AN ORDER )  
AUTHORIZING IT TO AMEND ITS TARIFF )  
AND FOR AUTHORITY TO DEVIATE FROM ) CASE NO. 10127  
COMMISSION REGULATION 807 KAR 5:022, )  
SECTION 9(17)(a)1 AND 807 KAR 5:022, )  
SECTION 9(17)(a)2 )

O R D E R

IT IS ORDERED that Columbia Gas of Kentucky, Inc., ("Columbia") shall file an original and 10 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 insure that it is legible. The information requested herein is due no later than April 15, 1988. 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.

Information Request No. 2

1. Regarding the rate implications of this plan, provide the following information:

a. Provide an analysis showing the projected impact of this plan on the average bill of all classes of customers for the

years 1989-2018. Also provide the supporting workpapers and state all assumptions used in the analysis.

b. Provide an analysis showing the projected impact of this plan on Columbia's revenue requirement for the years 1989-2018. Also provide the supporting workpapers and state all assumptions used in the analysis.

2. State and explain all benefits Columbia believes the following customer groups will derive from this plan:

a. New customers coming onto the system.

b. Current customers that will require future maintenance or replacement of their service line.

c. Current customers that will not require future maintenance or replacement of their service line.

3. Provide a list of states Columbia is aware of that permit ownership of service lines by gas distribution companies.

4. Provide the following information assuming a \$1,000 service line installation cost:

a. Provide illustrative initial journal entries for the installation of a new service line.

b. Provide illustrative periodic journal entries related to the entry provided in (a) above.

c. Provide illustrative initial journal entries for the replacement of a service line.

d. Provide illustrative periodic journal entries related to the entry provided in (c) above.

5. With reference to the response to Item No. 8 of the Commission's Information Request No. 1(a), provide the backup

information, studies, reports, and workpapers that support the following amounts related to costs under current curb valve and curb box policy:

| a. <u>Item</u>            | <u>Amount</u> |
|---------------------------|---------------|
| New Service Lines         | \$568,958     |
| Replacement Service Lines | 443,475       |
| Federal Income Tax        | 41,816        |
| State Income Tax          | 9,614         |

b. Explain the rationale for reflecting a \$32,346 differential under the policies for "elimination of curb valve inspection." Also, state the account to which these amounts are currently charged.

6. With reference to the response to Item No. 14 of the Commission's Information Request No. 1, provide the following information:

a. Provide an itemized breakdown of the \$565 cost of installing a new service line from main to meter. (Paragraph 1.)

b. Provide an itemized breakdown of the \$528 cost of installing a new service line from main to meter. (Paragraph 2.)

c. Provide the calculation and explain the basis for Columbia's expectation that for each new customer an average of 45 feet of additional main will be installed. (Paragraph 4.)

d. Provide the calculation and explain the basis for the projected cost of \$6.38 per foot for main installation. (Paragraph 4.)

e. Provide the calculation and explain the basis for the determination that the average cost per customer for meters and regulators is \$47.38.

f. Provide an itemized breakdown of the \$405 average cost to replace a service line. Also, clarify whether a cost of \$49.77 to replace the curb valve and curb box is included in this amount.

g. Explain why the cost of installing a new service line is \$565 whereas the cost of installing a replacement line is only \$405.

7. State Columbia's intentions with regard to those customers that refuse to grant Columbia an easement.

8. With reference to the July 17, 1987, Study, "An Evaluation of Alternatives to Present CKY Procedures Relative to Installation and Ownership of Customer Service Lines":

a. Page 2 - Elaborate on the statement,

Since there would be no increase in tariff rates, the customers will be receiving at no cost a service they did not previously receive.

Also, state whether it is Columbia's intention to make any adjustments necessary in its next rate case to ensure there is no rate impact as a result of this program.

b. Page 7 - Regarding the statement,

There will come a time when additional employees must be hired because of the increased work load.

Provide a 30-year projection of the increased number and cost of employees associated with this program. Also, provide all workpapers and state all assumptions associated with this projection.

c. Page 15 - State the percent of new service line installations and replacement line installations that will be

contracted out. Also, explain why this is preferable to performing these functions with Columbia personnel and provide a copy of the contract that will be used for this.

d. Table 1 - Provide the backup studies, workpapers, and calculations supporting the Kentucky Service Line Study contained in Table 1.

9. Explain why Columbia believes the proposed plan to be preferable to using below the line promotional dollars to offset the cost of the customer service line.

10. Provide an analysis in the format provided in response to Item No. 8 of the Commission's Information Request No. 1 under the assumption that this program applies only to new customers. Also state and explain all assumptions used in the analysis and provide the supporting workpapers.

11. Provide an analysis in the format provided in response to Item No. 8 of the Commission's Information Request No. 1 under the assumption that this program applies only to existing customers. Also state and explain all assumptions used in the analysis and provide the supporting workpapers.

Done at Frankfort, Kentucky, this 29th day of March, 1988.

PUBLIC SERVICE COMMISSION

*Richard J. Herman, Jr.*  
For the Commission

ATTEST:

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Executive Director