

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE )  
MIKE LITTLE GAS COMPANY, INC. ) CASE NO. 90-077

O R D E R

IT IS ORDERED that Mike Little Gas Company, Inc. shall file the original and 9 copies of the following information with this Commission, with a copy to all parties of record. Careful attention should be given to copied material to make certain 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. The information requested herein is due not later than ten days after the date of this Order.

1. Provide an explanation of the original use of the proceeds of each Note Payable outstanding at the end of the test year in this case.

2. With reference to the Notes Payable outstanding to the Mike Little Estate and to Licking Valley Cable, explain how the applicable interest rates were determined.

3. Concerning the 1989 Annual Report, explain why Billie Little is listed as the holder of two Notes Payable in the amounts of \$27,303 and \$65,406 in the body of the Financial Statements

(page 7) contained in the application in this case, while in the required Footnotes Disclosure section the notes are listed as outstanding to First Commonwealth Bank.

4. Concerning the Note Payable listed as outstanding in the amount of \$65,406 in the Annual Report, explain why this same note is listed in the amount of \$65,000 in the financial statements contained in the application.

5. Explain how the test year monthly rent expense of \$800 was determined and provide all justification available for this level of rent, including all costs or the market basis for the cost.

6. Provide an explanation of how common office costs are allocated among the four businesses operating out of the jointly used office space. Specifically, explain the methodology used to allocate the telephone, electricity, and heating costs of the office.

7. Explain the basis for the level of compensation to Daniel Greer. In this response, specify the salary determination and the responsibilities of the position he now holds.

8. With reference to the Pro-Forma Statement, provide all supporting documentation, calculations and the basis for each adjustment made proving that each requested change is a "known and measurable" change.

9. With regard to events occurring after the end of the test year and included in the Pro-Forma adjustments requested:

a. Provide a detailed record of payment made to Marshall and Stevens. Provide a breakdown between the costs

incurred for the reproduction costs appraisal and the appraisal done for estate tax purposes. With regard to these charges, explain what methodology was used to allocate these costs among the parties liable for these charges.

b. Provide details of the arrangement made with regard to the Merrill Lynch account including:

(1) In whose name the account is established.

(2) The person(s) authorized to access the account.

(3) Explain how deposits into the account are made.

(4) Explain how the costs and incomes to and from the account will be allocated among the entities depositing funds into the account.

c. Provide complete details of any changes in the allocation of wages and salaries of any employee among the various companies. Include the basic wage for each employee and the reason for any changes in allocation.

10. The financial exhibits included in this rate case indicate that account titles other than those included in the Uniform System of Accounts for gas utilities are being used for financial reporting purposes. Explain the circumstances that necessitate the use of these accounts as opposed to the accounts required by the Commission.

11. Reference Exhibit 1, Statement of the Facts, page 3. Explain how it was calculated that the number of customers would

decline by 20 during the next 12 months and explain the cause of the decline in the number of customers.

12. Reference Exhibit 1, page 6. Provide cost documentation for the proposed \$15 monthly customer charge including the calculation of the charge showing all costs incurred by the utility that this charge is intended to cover.

13. Provide an analysis of the budget billing program indicating the number of customers participating and the monthly revenues for the test year.

14. Reference Exhibit 1, page 7. Provide a copy of the payment agreement between Mike Little and Kentucky-West Virginia Gas for the \$2,658 per month payment for gas purchased from May 10, 1989 through November 1989.

15. Provide a detailed statement of the variance in monthly billings by Kentucky-West for the period for which purchases have been adjusted.

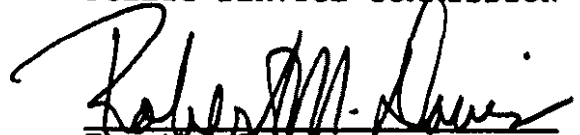
16. Reference Exhibit 5, 1990 Pro Forma Operating Statement. Explain why the "monthly recap" shows penalty and service charge revenue at a greater amount than is shown on the pro forma operating statement.

17. Were any customer charges or service charges collected during the test year? If so, indicate the amount attributed to each tariffed non-recurring charge and where that amount is included on the pro forma operating statement.

18. Based on actual 1989 MCF purchases, provide normalized purchased gas expense reflecting the purchased gas adjustment authorized in Case No. 9535-Y.

Done at Frankfort, Kentucky, this 29th day of May, 1990.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director