

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

IN THE MATTER OF THE JOINT APPLICA- )	
TION OF CAPITOL RESOURCES, INC. AND )	
DONALD L. RUDDER, ANNE H. RUDDER )	
AND BRUCE G. HEUBLEIN FOR THE )	CASE NO. 91-288
APPROVAL OF THE ACQUISITION OF ALL )	
THE CAPITAL SHARES OF PUBLIC GAS )	
COMPANY, INC. )	

O R D E R

IT IS ORDERED that Capitol Resources, Inc. ("Capitol") shall file the original and 12 copies of the following information with the Commission within 10 days of the date of this Order.

1. Concerning Exhibit A of the application, the Purchase and Sale Agreement, Article 4, page 6 of 22, provide the following information:

a. Indicate who is liable for the debt to Pikeville National Bank.

b. Indicate how this debt is to be settled.

c. Indicate the status of the debt as of the date of response to this Order.

d. Article 6.10, page 10 of 22, indicates that this debt will be settled by the closing date or within three business days after the closing. Explain why this debt may still be outstanding as of the closing date.

2. Exhibit 6-A of the application is an income statement for Public Gas Company, Inc. ("Public") as of March 31, 1991, showing the financial activity for three and six months. Provide an income statement for Public showing financial activity for the 12-month period ending either June 30, 1991 or July 31, 1991.

3. Exhibit 6-A, pages 2 through 4, contains a trial balance for Public as of March 31, 1991. Provide the following information:

a. Public's 1990 Annual Report shows two plant acquisition adjustments, one with a debit balance of \$31,162 and the other with a credit balance of \$1,125. Account No. 1563, Gas Plant Acquisition Adjustment, on the trial balance shows a balance as of March 31, 1991 of \$0. Explain why no acquisition adjustments are shown on the trial balance. Indicate where these amounts have been included in the trial balance.

b. Describe the nature of the \$160,929.88 balance in Account No. 2101, Payable to Pan Bowl Production Company, Inc. ("Pan Bowl"). Include a description of the transaction(s) which led to the creation of this liability. Indicate what will happen to the payable after the stock sale of Public and the asset sale of Pan Bowl.

c. Describe the nature of the \$29,600.00 debit balance in Account No. 2601, Accounts Payable - Capitol Oil Company, Inc. ("Capitol Oil"). Include a description of the transaction(s) which led to the creation of this long-term liability. Indicate what will happen to the payable after the stock sale of Public and the asset sale of Capitol Oil.

d. The 1990 Annual Report breaks down Public's operating revenues into residential and commercial/industrial sales. The trial balance indicates a break down of operating revenues into commercial, government, and residential sales. Explain the reasons for the difference in operating revenue classifications. Identify the government entities which Public serves.

4. Provide a trial balance and a balance sheet as of either June 30, 1991 or July 31, 1991.

5. Will Public own any gas production as a result of this transfer? If so, will any of this production be used to supply customers of the utility?

Done at Frankfort, Kentucky, this 9th day of September, 1991.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director