

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EQUITABLE GAS COMPANY,)
A DIVISION OF EQUITABLE RESOURCES, INC.) CASE NO. 92-326
FOR AN ADJUSTMENT OF RATES)

O R D E R

The Commission issued its final Order in this proceeding on April 12, 1993 ruling upon the rate request of Equitable Gas Company, a Division of Equitable Resources, Inc. ("Equitable"). On April 15, 1993, the Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division ("AG"), petitioned for rehearing or reconsideration of the Commission's April 12, 1993 rate order on the issue of meter reading expenses. The AG requests the Commission explain its rejection of the AG's position that the meter reading expenses claimed by Equitable are directly comparable to meter reading expenses of certain local gas distribution utilities ("LDCs"). This argument was raised by the AG in his post-hearing brief in this proceeding. The AG suggests that the Commission may have considered testimony about meter reading expenses which was ordered stricken by the Commission. Further, the AG argues that the Commission has not provided sufficient detail of the component expenses which make up the broad category of meter reading expenses.

Equitable responded to the AG's petition for reconsideration or rehearing by letter dated April 28, 1993. Equitable argues that rehearing should not be granted on meter reading expenses since the AG presented no evidence on the appropriate level for this expense item. The record supports the reasonableness of the level of meter reading expense and Equitable has had no opportunity to explain, cross-examine or rebut the comparisons between meter reading expenses of LDCs and Equitable. The AG's comparison of meter reading expenses of LDCs and Equitable is an attempt to buttress his case outside the record.

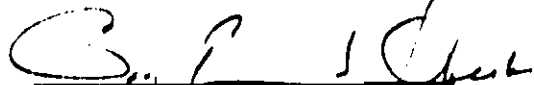
KRS 278.400 provides that any party to a Commission proceeding may, within 20 days after the service of the order upon him, apply for rehearing with respect to any of the matters determined by the Commission in its Order. On rehearing any party may offer additional evidence that could not with reasonable diligence have been offered at the former hearing. In his petition for reconsideration and rehearing, the AG has not offered any additional evidence that could not have been with reasonable diligence presented at the first hearing in this proceeding. The AG has not demonstrated that the Commission has acted in a clearly erroneous manner, or that Equitable has failed to meet its burden of proof on the meter reading expense issue. The AG's argument that Equitable's recorded expenses should be comparable to the same account balances for other distribution utilities as they use the same system of accounts is without merit. First of all, if two accounts contain different cost elements they are not comparable.

Second, the AG did not argue that the expenses included in Account No. 902 Meter Reading Expenses were not legitimate company expenses. Therefore, even if we remove the expenses from Account No. 902 they would be reallocated to other expense accounts and would not change the total reasonable revenue requirement of Equitable. After consideration of the request for rehearing, the record in this case, and being otherwise sufficiently advised, the Commission therefore finds that the request for rehearing should be denied.

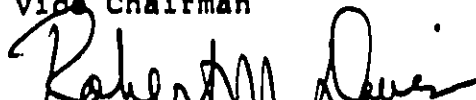
IT IS THEREFORE ORDERED that the request of the AG for reconsideration or rehearing of the Commission's final Order dated April 12, 1993 in the above-styled case be and it hereby is denied.

Done at Frankfort, Kentucky, this 5th day of May, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director