

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JEFFERSON GAS)
TRANSMISSION COMPANY, INC. TO) CASE NO. 98-499
REDUCE RATES)

ORDER

IT IS ORDERED that Jefferson Gas Transmission Company ("Jefferson Gas") shall file the original and 10 copies of the following information with the Commission. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a response requires multiple pages, each page should be indexed appropriately, for example, Item 1(a), page 2 of 4. With each response, include the name of the witness who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible. The response to this request is due January 8, 1999.

1. Refer to the pro forma net income (loss) from farm tap operations provided in Jefferson Gas's application. Does Jefferson Gas charge its minimum bill to 0 Mcf usage customers, or only for the first Mcf? If Jefferson Gas charges the minimum bill for 0 usage, how many incidences of 0 usage were billed during 1996 and 1997?

2. What has Jefferson Gas's gas cost been for each month of 1998? List the number of customers for 1998 by month.

3. How did Jefferson Gas arrive at its proposed rates? Show the calculations that produced them.

4. State specifically whether allocated overheads are otherwise recovered through charges to wholesale customers such as Columbia Gas.

5. Does Jefferson Gas have any free gas customers? If so, how many, and are they included in the calculation of the proposed increase?

6. The average gas usage per residential customer on Jefferson Gas's system appears high. Provide the records of meter testing for all the farm tap customers for the last 20 years.

7. What is Jefferson Gas's wholesale rate per Mcf?

8. How many meter reading employees does Jefferson Gas have on its payroll? Provide a copy of Jefferson Gas's payroll for 1997.

9. The map provided in section 5 of Jefferson Gas's application is not clear. Provide a full size map showing the gathering pipelines that provide gas to farm tap customers.

10. What kind of equipment is provided for customers to drain water from their gas? How often are drip tanks drained in the cold season and who drains them?

11. Provide a comparative balance sheet for Jefferson Gas for the 12 months ended December 31, 1997.

12. Provide a detailed analysis of all assets and liabilities associated with the farm tap operations of Jefferson Gas as of December 31, 1997. Include in this analysis the following:

a. A schedule showing the description of all assets used in the farm tap operations, the cost basis, the date installed, the accumulated depreciation, and the depreciation accrual rate.

b. A schedule of any materials and supplies used in the farm tap operations.

c. A schedule of any prepayments associated with the farm tap operations.

d. A schedule of any outstanding long- or short-term debt associated with the farm tap operations including the amount outstanding, the party holding the debt, the term of the loans, the interest rate, and the amount of interest paid during the 12 months ended December 31, 1997.

e. The amount of equity investment associated with the farm tap operations.

13. Explain how Jefferson Gas determined the "Total \$ paid" on the schedule titled "Gas cost and sales analysis."

14. Provide an explanation of how the average labor cost per field worker was determined. Include an analysis of the employees' salaries, total hours worked during the period, and the hours worked in the farm tap operations. Provide a description of the records maintained that shows the hours worked in the farm tap operations.

15. Provide a copy of the national study that was used as the basis of the \$0.35 per mile for vehicle cost. Also provide the basis for the number of miles traveled per meter reading. Provide a description of the records maintained that shows the miles the equipment was used in the farm tap operations.

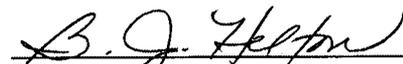
16. Explain why the Overhead costs should be allocated on the basis of the percentage of gross revenues of the farm tap sales. Provide a breakdown of the costs that are included in General and Administrative, and Operating expenses.

17. Are any of the operating expenses other than Meter reading and Vehicle cost directly attributable to the farm tap operations? If yes, provide a description of the items and the amounts.

18. Are any of the operating expenses directly attributable to the production and transmission operations that are not related to the farm tap operations? If yes, identify those costs and provide the amounts included in the 1997 operating expenses.

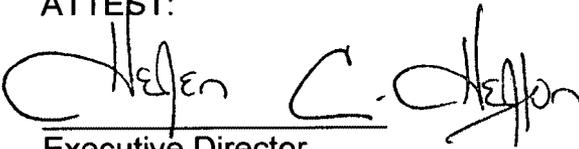
Done at Frankfort, Kentucky, this 18th day of December, 1998.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director