

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT PETITION OF MIKE LITTLE GAS	)	
COMPANY, INC. AND PEOPLE'S GAS	)	
COMPANY, INC. FOR THE TRANSFER OF	)	CASE NO.
GAS TRANSMISSION FACILITIES AND	)	2001-027
JOINT MOTION FOR RELIEF FROM	)	
COMPLIANCE SCHEDULE	)	

SECOND DATA REQUEST OF COMMISSION STAFF  
TO PEOPLE'S GAS, INC.  
AND  
COMMISSION STAFF'S NOTICE OF INFORMAL CONFERENCE

Pursuant to 807 KAR 5:001, Section 4(4), Commission Staff requests that People's Gas, Inc. ("People's") appear for an informal conference on April 6, 2001 at 1:30 p.m., Eastern Daylight Time, in Conference Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky.

People's, pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due on or before April 5, 2001. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. Refer to Item 5 of the First Data Request of Commission Staff to People's dated March 8, 2001 ("First Staff Request"). Provide the response to "attach a written copy of said estimate and explain how People's plans to finance the cost."

a. How many estimates or bids were obtained before determining \$50,000 would be the best value in replacing the pipeline? Provide any other bids.

b. Mike Little Gas, Inc. ("Mike Little") provided a bid in its response to the First Data Request of Commission Staff to Mike Little dated March 8, 2001, that reflected an estimate of \$133,675 for the pipeline replacement project. Reconcile its bid estimate and People's estimate of \$50,000. The explanation should reconcile each line item in the May 2, 2000 bid provided to Mike Little by Clean Gas, Inc.

2. Refer to Item 8 of the First Staff Request. Were there any other documents such as a list of assets to be transferred, financial statements, or any other information used to determine the reasonableness of the transfer? If so, provide copies of said documents.

3. Refer to Item 20 of the First Staff Request. Provide the journal entries previously requested as they would appear on People's books according to the Uniform System of Accounts, which requires reporting assets at the original cost to first user, the accumulated depreciation of assets, and an acquisition adjustment to account for the difference between the net plant and the purchase price. The journal entries should include dollar amounts.

4. Refer to Item 21 of the First Staff Request. People's stated that it would not need Commission approval before obtaining financing.

a. People's stated in response to Item 20 of the First Staff Request that it would credit loans payable from officer for the purchase of the assets. Explain the terms and conditions of the loan.

b. People's stated in response to Item 10 of the First Staff Request that it would finance part of the purchase with a sale of stock to Randall A. Hayes. Explain why this sale of stock would not be subject to Commission approval, pursuant to KRS 278.300.

5. Refer to Item 3(b) of the First Staff Request. Randall Hayes resume states that he has "35 years experience in the natural gas business." Provide a detailed explanation of the 35 years gas experience that Randall Hayes referenced in his resume.

6. Refer to Item 4 of the First Staff Request. People's stated that it expects to incur \$25,500 in yearly operating expenses for the Phelps system. Provide a detailed breakdown of this amount into the accounts included in the Uniform System of Accounts. If the information cannot be readily provided using the Uniform System of Accounts, provide the details of the \$25,500 based on the type of costs to be incurred. Include a full explanation of how each item of expense was determined, including any assumptions and calculations performed to arrive at the estimate.

7. Refer to Item 9 of the First Staff Request. Provide the financial details of how People's developed its purchase price using the repairs, size of the system, number of customers and review of past financial statements.

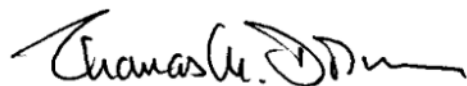
8. Refer to Item 11 of the First Staff Request. People's responded that there will be no acquisition premium on the purchase. Provide an explanation of how it was determined that there would be no acquisition premium.

9. Refer to Item 12 of the First Staff Request. People's responded that it did not have a balance sheet and income statement because it is a newly formed corporation. Provide the following information, and if the answers to any of the questions are yes, provide the dollar value and a description of what is included with the amount. Be as specific as possible:

- a. Does People's have any assets?
- b. Does People's have any liabilities?
- c. Does People's have any expenses?
- d. Does People's have any equity?
- e. Does People's prepare monthly or quarterly financial statements?

If yes, provide an explanation of why they are not available.

10. Refer to Items 17(a) and (b) of People's response to the First Staff Request. Since the estimated time to answer a service or emergency call is one hour and 30 minutes, does Kathy Hayes have any back up in case she is in the field dealing with a service call when another service or emergency call is received?



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Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED 3/29/2001

cc: All Parties