

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BURKESVILLE GAS	)	
COMPANY FOR AN ADJUSTMENT OF RATES	)	CASE NO.
PURSUANT TO THE ALTERNATIVE RATE	)	2008-00032
FILING PROCEDURE FOR SMALL UTILITIES	)	

COMMISSION STAFF'S SECOND INFORMATION REQUEST  
TO THE BURKESVILLE GAS COMPANY

Burkesville Gas Company (“Burkesville”), pursuant to 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, unless otherwise stated, with a copy to all parties of record. The information requested herein is due on or before June 6, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

Burkesville shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Burkesville fails or refuses to furnish all or part of the requested information, Burkesville shall provide a

written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the Apache Gas Transmission (“Apache”) invoices filed in response to Item No. 3 of Commission Staff’s First Information Request. Is the quantity shown on these invoices measured in Mcfs or Dths or some other measurement?

2. Refer to the Apache and Eagle Energy Partners invoices filed in response to Item No. 3 of Commission Staff’s First Information Request. There are large differences between gas transported as shown on the Apache invoices and that shown as being purchased on the Eagle Energy Partners invoices for February, October, November and December 2007. Explain the differences.

3. Burkesville’s response to Item No. 4 and 4.b. of Commission Staff’s First Information Request states that the customer numbers in the second column of Addendum to Attachment 7 do include inactive customers defined as those customers not connected to natural gas service. However, the response to Item No. 4(a) states that the second column does not include any inactive customers. Commission Staff defines inactive customers to be those not connected to the system and therefore not receiving a bill.

a. Clarify whether any inactive customers are included in the second column.

b. If inactive customers are included, provide the customer numbers for column 2 if only active customers are included (only those customers connected to the system and receiving a bill).

4. Provide a listing of the commercial and industrial customers who received service for all or any part of 2007. Include the account number and customer name.

5. Refer to page 1 of Burkesville's tariff. Note 2 states that "Industrial customers receiving the lower cost rate will be under interruptible agreements. The minimum charge for service shall be set forth in the agreement with each industrial customer." List all industrial customers referred to (include account number and account name) and provide the minimum charge for each customer.

6. Refer to Burkesville's response to Item 17(a), page 2, of Commission Staff's First Information Request. Provide the calculation for the \$9,487.50 shown as a reduction for the proposed customer charge.

7. Refer to Burkesville's response to Item 17(b), page 1, of Commission Staff's First Information Request. Explain the use of the word "inactive" to describe the customers for whom the minimum billing charge was calculated.

8. Burkesville has requested to add or increase certain non-recurring charges. For all service charges it proposes to add or increase, provide a chart showing the current amount charged and the proposed amount. For each charge, include cost justification sheets to support the amount proposed.

9. Refer to Burkesville's response to Item 5 of Commission Staff's First Information Request.

a. The 2007 returned check revenue appears to be in multiples of \$25. Explain how this is possible, given that Burkesville does not currently have a returned check fee included in its tariff. (Commission Staff notes that Burkesville's tariff shows that a returned check fee of \$15 previously existed, but the charge is currently crossed out).

b. Has Burkesville implemented the proposed returned check fee?

c. If so, provide the date when the fee was implemented and explain why Commission approval was not obtained prior to implementation.

d. The 2007 reconnect fee revenue appears to be in multiples of \$35. Explain how this is possible, given that Burkesville currently has a \$24 reconnection fee included in its tariff.

e. If Burkesville has already implemented the proposed reconnect fee, provide the date when the fee was implemented and explain why Commission approval was not obtained prior to implementation.

10. In its response to Item 6 of the Commission Staff's First Information Request, Burkesville identifies the labor and parts expenses as the only operating expenses that it has allocated to the non-regulated activities. Explain if the requirements of Kentucky Revised Statute 278.2203, Subsection 4(a) and Subsection 4(b) are the reasons Burkesville chooses to allocate only the labor and parts expenses to its non-regulated activities.

11. In its response to Item 16(c) of the Commission Staff's First Information Request, Burkesville states that at the time its responses were being prepared, Burkesville had not received the insurance premium renewals for 2008 and that the renewal date was

April 24, 2008. Provide a copy of the general liability insurance invoice for 2008 when it is received.

12. In its response to Item 16(c) of the Commission Staff's First Information Request, Burkesville states:

Mr. Shirey does not keep up with each individual task nor the amount of time spent on each individual task. While Mr. Shirey devotes a minimum of 18 hours per month providing his services and expertise to Burkesville, most months require an additional 3 to 4 hours.

a. If Mr. Shirey does not track the amount of time he spends on each individual task, explain how Burkesville knows that Mr. Shirey spends a minimum of 18 hours per month providing services and expertise.

b. Given the lack of documentation to support Burkesville's claim of the time Mr. Shirey devotes to Burkesville, explain how an adjustment to reflect the estimated 18 hours per month would meet the rate-making criteria of being known and measurable.

13. In Item 16(d) of the Commission Staff's First Information Request, Burkesville was requested to "[P]rovide a detailed calculation of how the \$100 billing rate was derived." In its response, Burkesville explained that "[M]r. Shirey is a salaried employee, his billing rate is approximately \$100.00 per hour for each hour that he spends on providing his services to a company in which he is an acting officer."

a. Provide the detailed calculation of how the \$100 billing rate was derived as Commission Staff originally requested.

b. Provide a list of the companies of which Mr. Shirey is an acting officer and describe the services and duties he performs for each company. Include the number of hours Mr. Shirey devotes to each company and the amount that is charged to each for Mr. Shirey's services.

c. Provide a comparison of Mr. Shirey's hourly wage rate to the billing rate of \$100 per hour.

14. Finding that a management fee of \$12,000 was excessive, given Burkesville's size, the Commission determined in Case No. 2000-00158<sup>1</sup> that a fee of \$3,600 was reasonable. Provide a detailed explanation as to what has occurred since that proceeding that would persuade the Commission to change its position regarding the management fee.

15. Provide the most recent vendor invoice for health insurance. The invoice shall list employees individually by name and state clearly the type of coverage provided.

16. Refer to Burkesville's response to Item 18(a) of the Commission Staff's First Information Request and to the Annual Report of Burkesville to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2007 at 3 and 7.

a. Provide a copy of the loan agreement for the "SBA Loan – Monticello Banking Company" and cite the proceeding in which Commission approval of the financing was granted.

b. Burkesville identifies a loan to Summit National Holding Corporation that had a balance of \$12,000 that was incurred to pay current operating expenses. Identify the liability account listed in the balance sheet where this loan is recorded.

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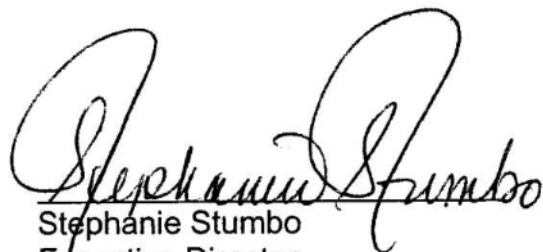
<sup>1</sup> Case No. 2000-00158, The Application of Burkesville Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC November 20, 2000).

c. In Account 234 – Accounts Payable to Associated Companies, Burkesville reports a balance of \$203,752 as of December 31, 2007. Identify what is included in this liability account.

17. Refer to page 118 of the General Ledger Burkesville provided in its Response to Commission Staff's First Information Request, Item 9.

a. Account No. 92301: Outside Services Employed – Accounting. For each item listed in the table attached hereto as Schedule 1, provide a complete and detailed description of the accounting service provided and all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date that the service will be required to be performed.

b. Account No. 923202 : Outside Services Employed – Legal Fees. For each item listed in the table attached hereto as Schedule 2, provide a complete and detailed description of the legal service provided and all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date that the service will be required to be performed.



Stephanie Stumbo  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED: May 16, 2008

cc: Parties of Record

Burkesville  
Case No. 2008-00032  
Outside Service Employed - Accounting

Schedule 1  
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Witness Responsible:  
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<u>Date</u>	<u>Check #</u>	<u>Name</u>	<u>Amount</u>
01/11/2007	8391	BRENDA K. EVERETTE	791.25
03/23/2007	8552	BRENDA K. EVERETTE	1,065.00
03/31/2007		BRENDA K. EVERETTE	1,526.25
04/12/2007	8610	BRENDA K. EVERETTE	1,207.50
04/26/2007	8627	HOLLAND CPA'S	2,350.00
06/04/2007	8703	BRENDA K. EVERETTE	1,155.00
06/25/2007		BRENDA K. EVERETTE	1,260.00
07/02/2007	8743	HOLLAND CPA'S	650.00
07/16/2007	8812	BRENDA K. EVERETTE	1,155.00
08/06/2007	8860	BRENDA K. EVERETTE	960.00
09/10/2007	8925	BRENDA K. EVERETTE	738.75
10/15/2007	9171	BRENDA K. EVERETTE	1,053.75
11/05/2007	9234	BRENDA K. EVERETTE	1,162.50
12/10/2007	9305	BRENDA K. EVERETTE	1,072.50
12/31/2007		BRENDA K. EVERETTE	1,410.00



Burkesville  
Case No. 2008-00032  
Outside Service Employed - Legal

Schedule 2  
Page 1 of 1  
Witness Responsible:  
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<u>Date</u>	<u>Check #</u>	<u>Name</u>	<u>Amount</u>
01/19/2007	8396	Kenneth A. Meredith, II	39.34
02/09/2007	8439	Kenneth A. Meredith, II	548.85
03/01/2007	8467	Kenneth A. Meredith, II	216.87
04/04/2007	8557	Kenneth A. Meredith, II	129.14
04/04/2007	8570	Kenneth A. Meredith, II	473.67
04/04/2007	Legal		-129.14
05/01/2007	8628	Kenneth A. Meredith, II	50.00
05/18/2007	8675	Kenneth A. Meredith, II	861.56
06/07/2007	8707	PETTY CASH	5.00
06/21/2007	8731	Kenneth A. Meredith, II	89.47
08/06/2007	8859	Kenneth A. Meredith, II	139.46
08/23/2007	7993	Kenneth A. Meredith, II	459.39
09/10/2007	8913	Kenneth A. Meredith, II	43.05
12/10/2007	9298	Kenneth A. Meredith, II	132.46
12/17/2007		Kenneth A. Meredith, II	316.00
12/27/2007		Kenneth A. Meredith, II	26.98