

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF AUXIER ROAD GAS CO., )  
INC. FOR AN ADJUSTMENT IN RATES AND ) CASE NO. 2008-00156  
CERTAIN NON-RECURRING CHARGES )

COMMISSION STAFF'S FIRST INFORMATION  
REQUEST TO AUXIER ROAD GAS CO.

Auxier Road Gas Co., Inc. ("Auxier Gas"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before August 15, 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 the 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.

Auxier Gas 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 request to which Auxier Gas

fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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. Provide a complete copy of the workpapers, calculations, and assumptions Auxier Gas used to develop its pro forma test-period financial information.

2. In its May 14, 2008 response to the filing deficiencies, Auxier Gas proposes to increase its 2007 Office Supplies and Expenses of \$39,061 by \$5,859 to a pro forma level of \$44,920. Provide a detailed explanation for the proposed increase along with supporting schedules, calculations and documentation.

3. In its May 14, 2008 response to the filing deficiencies, Auxier Gas proposes to increase its 2007 Office Services Employed of \$2,500 by \$2,500 to a pro forma level of \$5,000. Provide a detailed explanation for the proposed increase along with supporting schedules, calculations and documentation.

4. List all business activities of Auxier Gas aside from its regulated utility activities. For each activity listed, describe the accounting policies and procedures in place to ensure that those activities are not subsidized by regulated rates or vice versa.

5. Provide a schedule listing each project included in calendar year 2007 (“test period”) Construction Work in Progress. Include a detailed description of each project included in the schedule.

6. Provide two paper copies of the general ledger for the 12-month period ending December 31, 2007, showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry state the date paid, vendor name, check number used to make payment and the amount. The general ledger shall include all asset, liability, capital, income, and expense accounts used by Auxier Gas. All accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

7. For each cash account used by Auxier Gas during the test period, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

8. Reconcile the test-period general ledger expense accounts to the expense amounts reported in Auxier Gas's 2007 annual report.

9. Provide a copy of the audited financial statements for the 12-month period ending December 31, 2007. Include a copy of all audit adjustments made to the financial statements. If those audited financial statements are not currently available, give a reasonable date on when this information will be submitted to the Commission.

10. a. Provide a list of all employees employed during the calendar year 2007. For each employee listed, provide the following:

- (1) Name.
- (2) Title.
- (3) Length of employment with Auxier Gas.
- (4) Job duties.
- (5) Test-period pay rate and current pay rate.

- (6) Test-period regular time worked and overtime worked.
- (7) Percentage of test-period payroll capitalized.
- (8) Total test-period payroll expenses and capitalized.
- (9) Type of employee benefits (i.e., health insurance, dental

insurance, vision insurance, pension, etc.) and amounts paid for each by Auxier Gas.

b. Provide a copy of the employee information requested in Item 8(a) on a computer disk in Microsoft® Office Excel format.

11. Provide a detailed list of all fringe benefits available to Auxier Gas employees and the actual test-period cost of each benefit compared to the costs incurred in 2008. Provide comparative cost information for calendar years 2006, 2007, and 2008. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits occurring over this period.

12. 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.

13. In its May 14, 2008 response to the filing deficiencies, Auxier Gas proposes to increase its 2007 property insurance expense of \$24,159 by \$3,624 to a pro forma level of \$27,783.

a. Provide copies of all property insurance invoices received in 2007 to support the expense level of \$24,159.

b. Provide copies of any property insurance invoices that Auxier Gas has received in 2008.

14. a. Provide copies of all workers' compensation insurance invoices received in 2007 and identify the account in which Auxier Gas records this expense.

b. Provide copies of any workers' compensation insurance invoices that Auxier Gas has received in 2008.

15. a. Provide a schedule detailing all test-period expenditures related to the application filed in this current proceeding. Provide in the schedule the nature and amounts of all charges along with a copy of vendor invoices. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

16. For each debt of Auxier Gas currently outstanding or outstanding during the test year,

a. Provide the bond ordinance or resolution authorizing each bond issuance or long-term loan.

b. Provide a current amortization schedule that includes the entire life of the loan or bond and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

c. Provide a description of the use of the borrowed funds.

d. For each outstanding indebtedness, cite the proceeding in which Commission approval of the financing was granted.

17. Refer to Section II, Increased Cost Information, in the application. Explain the basis for the allocation of the increase in Auxier Road's proposed rates.

18. Would Auxier Road be agreeable to using a customer charge rather than a minimum bill?

19. Refer to the proposed Gas Cost Adjustment Clause ("GCR") Auxier Road filed on May 15, 2008.

a. Auxier Road proposes to change its filing frequency from 30 days to 20 days. Explain whether Auxier Road will always file with only 20 days' notice or whether Auxier Road only intends to include a provision to allow it to file with less than 20 days' notice if the need arose.

b. Auxier Road's proposed GCR would require it to file monthly but has retained the definition of its filing frequency on the second page as "calendar quarter." Explain whether Auxier Road only intends to include a provision to allow it to file between quarters if the need arose or whether it is proposing to begin filing monthly if the Commission approves its tariff.

c. Refer to the section of the proposed GCR under Definitions, Average Expected Cost. The fifth line under Average Expected Cost states that the calculation to adjust for line loss is sales volumes + 0.95. The calculation should be sales volumes divided by .95. Does Auxier Road agree with this correction?

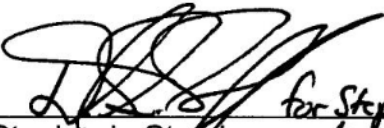
20. Refer to Section IV of the application, Billing Analysis and Revenue Table. Explain how a customer is billed when using between 0 and 1 Mcf. For example, if a customer uses 0.7 Mcf, is the customer billed 0.7 times the minimum bill or is the customer billed for 1 Mcf?

21. Provide the billing analysis on a monthly basis.

22. Refer to the cost justification for non-recurring charges filed on June 4, 2008.

- a. For the reconnection charge for nonpayment, provide the following:
  - (1) The duties performed during the one hour of labor for field expenses.
  - (2) The supplies used under clerical and office expense.
  - (3) The duties performed and number of hours worked for the clerical and office expense labor.
  - (4) The items included in the transportation expense.
- b. For the reconnection charge for reestablishing service within 12 months, provide the following:
  - (1) The duties performed during the four hours of labor under field expense.
  - (2) The supplies used under clerical and office expense.
  - (3) The duties performed and the hours worked under the clerical and office expense labor.
  - (4) The items included in transportation expense.
- c. For the collection fee – delinquent bill, provide the following:
  - (1) The duties performed during the hour of labor under field expense.
  - (2) The items included in supplies under clerical and office expense.
  - (3) The duties performed and hours worked under clerical and office expense labor.
  - (4) The items included in transportation expense.

- d. For the service charge – insufficient funds, provide the following:
- (1) The items included in supplies under clerical and office expense.
  - (2) The duties performed and hours worked under clerical and office expense labor.
- e. Explain why Auxier Road is only proposing to charge \$50 for the reconnection charge for nonpayment and \$25 for the collection fee for a delinquent bill when the cost justification shows a much higher amount could be justified.

  
Stephanie Stumbo *for Stephanie Stumbo*  
Executive Director *w/permission*  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED: August 6, 2008

cc: Parties of Record