

278.255 Periodic management and operation audits.

- (1) The commission shall provide for periodic management and operation audits of each utility with annual intra-Kentucky assessable revenue as of December 31, 1983, under KRS 278.150(1) not less than one hundred million dollars (\$100,000,000) to investigate management effectiveness and operating efficiency. The commission shall complete or provide for a full and comprehensive audit of each such utility prior to January 1, 1990. After the initial audit of any utility, the commission may order a subsequent audit of that utility focusing on issues disclosed by the initial audit. A full and comprehensive audit of any utility initiated prior to July 13, 1984, may be deemed to satisfy the requirements of this subsection if the audit was required and directed by the commission and completed after July 1, 1983.
- (2) The commission may provide for management or operations audits, or both, of any utility under its jurisdiction on a regular or irregular schedule to investigate all or any portion of the management and operating procedures or any other internal workings of the utility.
- (3) Audits provided under this section may, at the discretion of the commission, be performed by the commission staff or by a competent, qualified and independent firm. When the commission orders an audit to be performed by an independent firm, the commission shall select the audit firm, which shall work for and under the direction of the commission, with the cost to be borne by the utility. The commission shall include the cost of conducting any audits required in this section in the cost of service of the utility for ratemaking purposes.
- (4) The commission shall adopt rules and regulations setting forth the scope and application of audits, and procedures for the conduct of management and operations audits. The audit procedures shall provide the utility being audited the opportunity to comment at various stages of the audit, including an opportunity to comment on the initial work plan and the opportunity to review and comment on preliminary audit drafts prior to issuance of a final document. The results of all audits shall be filed with the commission and shall be open to public inspection.

Effective: July 13, 1984

History: Created 1984 Ky. Acts ch. 46, sec. 1, effective July 13, 1984.