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David L. Armstrong
Chairman

James Gardner
Vice-Chairman

Charles R. Borders
Commissioner

December 23, 2013

PARTIES OF RECORD

Re: Case No. 2013-00234

Enclosed is a memorandum being filed in the case file of the above-referenced case. If you wish to make any comments regarding the contents of this memorandum, please do so within five days of receipt of this letter. If you have any questions, please call Jeff Shaw of the Commission Staff at 502-782-2660.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".


Jeff Derouen
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Jeff Shaw 

DATE: December 23, 2013

RE: Case No. 2013-00234
Request of Richardsville Gas Company, Inc. to Abandon Facility
Pursuant to KRS 278.021, Section 2(b)

Pursuant to a Commission Staff notice dated October 15, 2013, an informal conference ("IC") was held in this matter on November 6, 2013. A memorandum on the IC was entered into the record of this case on November 12, 2013.

During the IC, the president and vice-president of Richardsville Gas Company, Inc. ("Richardsville"), Glenn Miller and Joan Miller, provided Commission Staff ("Staff") with copies of a schedule listing various expenses incurred by Richardsville in 2011, 2012, and 2013. The Millers also informed Staff that, in addition to the petition filed in this case and signed by many of their customers indicating the customers were willing to pay higher rates if the gas system were not abandoned, they had received a petition signed by the members of one of the churches served by Richardsville indicating their interest in helping to keep the utility operating.

On December 18, 2013, Staff members Matt Baer and Jeff Shaw performed a limited on-site review of Richardsville's billing records and made inquiry regarding some of the expense items included in the schedule provided to Staff during the November 6, 2013 IC (the handwritten notes on the schedule are Mrs. Miller's and were there when the it was provided at the IC). Staff members Baer and Shaw were also provided a copy of the petition signed by the church members that was discussed at the IC (from the Richardsville Church of Christ). So that the schedule and petition, documents the Millers have discussed with, and provided copies to, the Staff, are made part of the official record of this case, copies attached hereto are being filed in the case record.

Expenses for 2011

| | |
|---|-----------|
| Meter Reading | \$425.00 |
| Mowing | 280.00 |
| Office (envelopes, stamps, PO Box rent) | 333.19 |
| KY underground 811 | 14.49 |
| Telephone, internet use | 489.35 |
| Taxes | |
| Warren Co. Sheriff (property) | 303.04 |
| (Franchise) | 242.77 |
| PSC Assessment 2010 & 2011 | 100.00 |
| Annual Fee (Corp. License) | 15.00 |
| Accounting CPA | |
| Bookkeeping | 900.00 |
| | 500.00 |
| Miller's Bottled Gas (propane) | 9,500.00 |
| Miller's Bottled Gas (labor & methonel) | 293.00 |
| Royalty gas used 2010 | 10,517.51 |

low payment

3,879.00

Expenses for 2012

| | |
|---|----------|
| Meter Reading | \$510.00 |
| Mowing Lot | 90.00 |
| Distributing Public Awareness Brochures | 20.00 |
| Taxes | |
| Warren CO Sheriff (Franchise Tax) | 273.04 |
| Property tax 2011 | 310.85 |
| Property tax 2012 | 260.75 |
| Annual Fee | 15.00 |
| KY State Treasures | 175.00 |
| | 141.79 |
| 811 | 3.22 |
| Postmaster (200 stamps) | 180.00 |
| For projection it should be at least 14 mailings @.47 X 48 (\$315.84) | |

| | |
|--|--------------------------|
| Accounting CPA | \$750.00 |
| Moore Pipeline (part of Leak Survey cost 2011) | 500.00 |
| Health Consultants (Repair of odorant machine) | 150.00 |
| Royalty 2011 gas used | 8,912.25 |
| <i>Loan Payment</i> | <i>3879⁰⁰</i> |

Expenses 2013 January 1 to Sept. 2013

| | |
|---|----------|
| Reading meters | \$380.00 |
| Delivering shut off notice 9-17-13 | 50.00 |
| Pepper Spray | 15.89 |
| Mowing | 275.00 |
| Health Consultants (Balance repairs of odorant machine) | 108.59 |
| Moore Pipeline (balance 2011 Leak Survey) | 1,220.00 |
| Taxes | |
| Warren Co. Sheriff, Property | 232.37 |
| KY State Treasurer PSC Assessment | 248.34 |
| Sales tax 2011 | 71.18 |
| Sales tax 2012 | 44.10 |
| Income tax | 175.00 |
| Penalties | 167.64 |
| Annual Report | 15.00 |
| Accounting, CPA | 1,000.00 |
| Millers Bottled Gas, Inc. Propane | 500.00 |

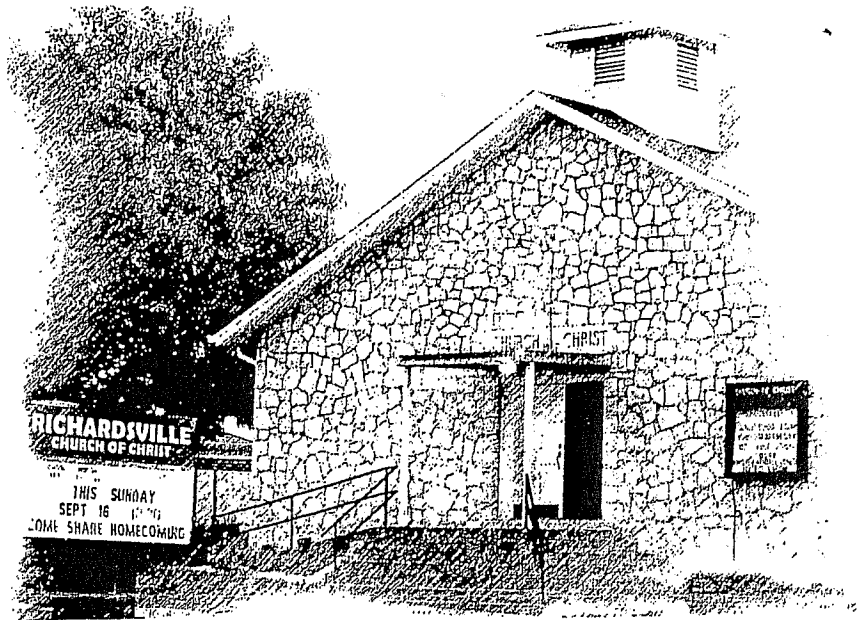
| | |
|----------------------------|-----------------------------|
| Royalty gas used 2012 | 7,568.25 |
| <i>Loan Payment yearly</i> | <i>\$3,879⁰⁰</i> |

Expenses that will have to be incurred to connect two additional wells.

1. 1200' of 2" plastic pipe and tracer wire \$1,449.20
2. Fittings to connect 4 Couplings and 2 Elbows \$532.94
3. Ditching 1200" +/- \$3,000
4. Chart Meters (2) \$3,000
Commercial regulators (one for well) \$511
5. Key Valve for the new well added \$129.22
6. Leak Survey and Corrosion \$2,500.
7. Service training to certify our people again \$1,500.
8. Management salary. 5 hours monthly @ \$50.00 per hour; \$3,000.0
9. Meter reader Salary \$800.00 (\$60.00 Per month plus \$80.00 for delivering info once a year to all people on the line.
10. Maintenance person salary \$1,500. (Mowing twice a month for 6 months \$125. Per mowing
11. Office supplies Stamps 47 X .47= \$22.09 X 12= \$265.08 plus two mailings for public awareness \$44.18 is a total of \$309.26 so realistically by the time I send stuff to Frankfort \$330.00 would be a likely amount. Envelopes, paper, folders, etc office supplies and usage of equipment for a year \$450.00.
12. Telephone \$30.00 X 12 = \$360.00
13. Service person, mark lines 811, shut off non payments, regular maintenance \$1,500.

**RICHARDSVILLE
CHURCH OF CHRIST**

2125 Richardsville Rd.
Bowling Green, KY 42101
(270) 777-0950



August 11, 2013

TO WHOM IT MAY CONCERN:

We, the members of the Richardsville Church of Christ, would like to join the petition to show our willingness to pay a rate increase for the continued use of the Richardsville/ Miller Gas Company. This company has served our community well. The natural gas line in Richardsville is a needed service to many consumers within this area. We at the church appreciate having it available for our facility so we can worship on a weekly basis.

We wish to express our desire to keep our business with the Richardsville/Miller Gas Company.

Sincerely,

Elder Larry Lawrence
Richardsville Church of Christ members

Deacon Dallas Hayes
Elder Amy Cobe
Minister Dorel Young
Randall Jones

A FRIENDLY CHURCH IN A FRIENDLY COMMUNITY

Richardsville members"
Larry + Penell Lawrence
John Moler

Jane + Marie Hest
Dallas E Hester
Lutz Mercer
Lillian Duckett
Chris Nash

Ruby Nash
Deanna Hayes
Dorel + Emma Young
Leslie Toob

Lillian Cole
Betty Wilson
Don + Debbie Hudson
Bill + Julia Steele
Maude Gloria Ekin

Londra Mansfield
Odell + Inge Moore
Carmen + Ken Kemble
Dorel + Emma Young
Marty Lawrence
Randall Jones

Maurice Davenport
Linda Jones