

June 15, 2017

**RECEIVED**

JUN 15 2017

PUBLIC SERVICE  
COMMISSION

*Via Hand-Delivery*

Ms. Talina Mathews, Ph.D.  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: In the Matter of: The Application of Apache Gas Transmission Company, Inc., for a Certificate of Public Convenience and Necessity Authorizing the Implementation of a Pipeline Replacement Program, Approval of Financing Pursuant to KRS 278.300 and the Application of Apache Gas Transmission Company, Inc., and Burkesville Gas Company, Inc., for Approval of a Gas Pipeline Replacement Surcharge and Tariff - Case No. 2017-00168

Dear Dr. Mathews:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies of Apache Gas Transmission Company, Inc. and Burkesville Gas Company, Inc.'s, Responses to Commission Staff's Second Request for Information, in the above-styled case.

Please do not hesitate to contact me if you have any questions.

Sincerely,



L. Allyson Honaker

Enclosures

**RECEIVED**

JUN 15 2017

PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF APACHE GAS TRANSMISSION )  
COMPANY, INC., FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY AUTHORIZING THE )  
IMPLEMENTATION OF A PIPELINE REPLACEMENT )  
PROGRAM, APPROVAL OF FINANCING PURSUANT )  
TO KRS 278.300 AND APPLICATION OF APACHE GAS )  
TRANSMISSION COMPANY, INC. AND BURKESVILLE )  
GAS COMPANY, INC. FOR APPROVAL OF A GAS )  
PIPELINE REPLACEMENT SURCHARE AND TARIFF )**

**CASE NO.  
2017-00168**

**RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO APACHE GAS TRANSMISSION COMPANY, INC. AND BURKESVILLE GAS  
COMPANY, INC. DATED JUNE 9, 2017**



**APACHE GAS TRANSMISSION COMPANY, INC.  
BURKESVILLE GAS COMPANY, INC.  
PSC CASE NO. 2017-00168  
RESPONSE TO REQUEST FOR INFORMATION**

**PSC'S REQUEST FOR INFORMATION DATED 06/9/17**

**REQUEST 1**

**RESPONSIBLE PARTY: David Thomas Shirey, Jr.**

**Request 1.** Refer to the response to the Commission Staff's First Request for Information, Item 7. The response states that Apache and Burkesville would need to determine what changes would need to be made to Burkesville's Gas Cost Adjustment ("GCA") calculations and tariffs in order to pass through to Burkesville customers any Apache Pipe Replacement Program charges. Describe the changes Burkesville foresees needing to make to its GCA calculations and tariff to pass through the monthly PRP charges from Apache to its customers using the GCA mechanism.

**Response 1.** Apache Gas Transmission Company, Inc. ("Apache") and Burkesville Gas Company, Inc. ("Burkesville") have reviewed Burkesville most recent GCA filing and have included a copy of Appendix B to the most recent GCA filing as pages 2 through 7 of this response for the Commission Staff's convenience. A proposed revision to Appendix B of the most recent GCA filing is attached to this response at pages 8 through 14. The proposed Appendix B (pages 8 through 14) takes the most recent GCA filing and makes changes to it as if the PRP had been in place at the time of that filing. There were some changes that were made to Schedule II, which in turn caused some calculating fields elsewhere in Appendix B to change, and a Schedule VI has been added to the GCA. Attached as page 15 of this response is a proposed revised tariff for Burkesville.

## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	7.9556
Refund Adjustment (RA)	\$/Mcf	0.0000
Actual Adjustment (AA)	\$/Mcf	0.0084
Balance Adjustment (BA)	\$/Mcf	0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	7.9640

To be effective for service rendered from June 27, 2017

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	286,908.9028
/Sales for the 12 months ended March 31, 2017	\$/Mcf	36,063.8500
Expected Gas Cost	\$/Mcf	7.9556
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0.0000
=Refund Adjustment (RA)	\$/Mcf	0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV) (Calendar Qtr 4 - End March 31, 2017)	\$/Mcf	(0.0140)
+ Previous Quarter Reported Actual Adjustment (Calendar Qtr 3 - End Dec 2016, Effective 3/28/2017)	\$/Mcf	0.0202
+ Second Quarter Reported Actual Adjustment (Calendar Qtr 2 - End Sept 2016, Effective 12/27/2017)	\$/Mcf	0.0660
+Third Previous Quarter Actual Adjustment (Calendar Qtr 1- End June 2016, Effective 9/28/2016)	\$/Mcf	(0.0638)
=Actual Adjustment (AA)	\$/Mcf	0.0084
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0.0000
=Balance Adjustment (BA)	\$/Mcf	0.0000

SCHEDULE II  
EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2017

(1) Supplier	(2) DTH	(3) Btu Conversion Factor	(4) MCF	(5) Rate	(6) (4) x (5) Cost
Petrol Energy, LLC	41,611	1.0651	39,069	5.0058	\$195,571.70
Apache Gas Transmission	41,611	1.0651	39,069	2.5520	99,704.09

Totals			39,069	7.5578	\$295,275.79
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Line loss for 12 months ended 3/31/2017 is based on purchases of 39,069.00  
and sales of 36,063.85 Mcf. 7.69%

	Unit	Amount
Total Expected Cost of Purchases (6)		\$295,275.79
/ Mcf Purchases (4)		39,069
= Average Expected Cost Per Mcf Purchased		\$7.5578
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		37,961.95
= Total Expected Gas Cost (to Schedule IA)		\$286,908.90

APPENDIX B  
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## SCHEDULE III

## SUPPLIER REFUND ADJUSTMENT

Description		Unit	Amount
Supplier Refunds Received during 3 Month Period	0	\$	
Interest Factor (90 Day Commercial Paper Rate)			
Refunds Including Interest		\$	\$0.00
Divided by 12 Month Projected Sales Ended	0	Mcf	
<u>Current Supplier Refund Adjustment</u>			<u>\$0.00</u>

## APPENDIX B

Page 5

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the three months ending March 31, 2017

Particulars	Unit	Jan	Feb	March
		Month 1	Month 2	Month 3
Total Supply Volumes Purchased	Mcf	6,894.0000	4,580.0000	5,908.0000
Total Cost of Volumes Purchased	\$	\$59,239.25	\$36,333.76	\$41,767.22
/ Total Sales *	Mcf	6,552.2000	4,972.3000	5,612.6000
= Unit Cost of Gas	\$/Mcf	9.0411	7.3072	7.4417
- EGC in Effect for Month	\$/Mcf	8.0653	8.0653	8.0653
= Difference	\$/Mcf	0.9758	(0.7581)	(0.6236)
x Actual Sales during Month	Mcf	6,552.2000	4,972.3000	5,017.5000
= Monthly Cost Difference	\$	6,393.7913	(3,769.3312)	(3,128.9715)
Total Cost Difference			\$	(504.5113)
/ Sales for 12 months ended			Mcf	36,063.8500
= Actual Adjustment for the Reporting Period (to Sch IC)				(0.0140)

\* May not be less than 95% of supply volume

**APPENDIX B**  
**Page 6**

**SCHEDULE V**

Case No.

<u>Effective Date</u>	<u>Mcf Sales</u>	<u>Factor</u>	<u>Refunded</u>	<u>Balance</u>
<b>Beginning Balance</b>				
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0

Under/(Over) Recovery	\$0
Mcf Sales for factor	36,064
BA Factor	\$0.0000

Total Purchases  
Expected Gas Cost

<u>Month</u>	<u>MCF Purchased</u>	<u>Expected Rate</u>	<u>Expected Cost</u>	<u>MCF Sales</u>
Apr-16	2,070	\$ 7.5578	\$ 15,644.65	2,114
May-16	1,623	\$ 7.5578	\$ 12,266.31	1,678
Jun-16	1,056	\$ 7.5578	\$ 7,981.04	1,201
Jul-16	1,111	\$ 7.5578	\$ 8,396.72	1,038
Aug-16	1,860	\$ 7.5578	\$ 14,057.51	1,203
Sep-16	1,258	\$ 7.5578	\$ 9,507.72	1,140
Oct-16	2,236	\$ 7.5578	\$ 16,899.25	1,787
Nov-16	3,693	\$ 7.5578	\$ 27,910.96	3,659
Dec-16	6,780	\$ 7.5578	\$ 51,241.90	5,703
Jan-17	6,894	\$ 7.5578	\$ 52,103.49	6,552
Feb-17	4,580	\$ 7.5578	\$ 34,614.74	4,972
Mar-17	5,908	\$ 7.5578	\$ 44,651.50	5,018
<b>Total</b>	<b>39,069</b>	<b>\$ 7.5578</b>	<b>\$ 295,275.79</b>	<b>36,064</b>

Proposed Form Including Pipeline Replacement Charge

## APPENDIX B

## Page 2

## SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	8.2886
Refund Adjustment (RA)	\$/Mcf	0.0000
Actual Adjustment (AA)	\$/Mcf	0.0084
Balance Adjustment (BA)	\$/Mcf	0.0000
Gas Cost Recovery Rate (GCR)	\$/Mcf	8.2970

To be effective for service rendered from June 27, 2017

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	298,918.6719
/Sales for the 12 months ended March 31, 2017	\$/Mcf	36,063.8500
Expected Gas Cost	\$/Mcf	8.2886
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	0.0000
=Refund Adjustment (RA)	\$ Mcf	0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV) (Calendar Qtr 4 - End March 31, 2017)	\$/Mcf	(0.0140)
+ Previous Quarter Reported Actual Adjustment (Calendar Qtr 3 - End Dec 2016, Effective 3/28/2017)	\$/Mcf	0.0202
+ Second Quarter Reported Actual Adjustment (Calendar Qtr 2 - End Sept 2016, Effective 12/27/2017)	\$/Mcf	0.0660
+Third Previous Quarter Actual Adjustment (Calendar Qtr 1- End June 2016, Effective 9/28/2016)	\$/Mcf	(0.0638)
=Actual Adjustment (AA)	\$ Mcf	0.0084
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	0.0000
+Previous Quarter Reported Balance Adjustment	\$/Mcf	0.0000
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	0.0000
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	0.0000
=Balance Adjustment (BA)	\$ Mcf	0.0000

## Proposed Form Including Pipeline Replacement Charge

APPENDIX B  
Page 3

## SCHEDULE II

## EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended March 31, 2017

(1) Supplier	(2) DTH*	(3) Btu Conversion Factor	(4) MCF	(5) Rate	(6) (4) x (5) Cost
Petrol Energy, LLC	41,611	1.0651	39,069	5.0058	\$195,571.70
Apache Gas Transmission	41,611	1.0651	39,069	2.5520	99,704.09
* Pipeline Replacement Project Charge (from Schedule VI)			39,069	0.3164	12,360.00

Totals			39,069	7.8742	\$307,635.79
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Line loss for 12 months ended 3/31/2017 is based on purchases of 39,069.00  
and sales of 36,063.85 Mcf. 7.69%

	Unit	Amount
Total Expected Cost of Purchases (6)		\$307,635.79
/ Mcf Purchases (4)		39,069
= Average Expected Cost Per Mcf Purchased		\$7.8742
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		37,961.95
= Total Expected Gas Cost (to Schedule IA)		\$298,918.67

\* Added

*Proposed Form Including Pipeline Replacement Charge*

**APPENDIX B  
Page 4**

**SCHEDULE III**

**SUPPLIER REFUND ADJUSTMENT**

Description	0	Unit	Amount
Supplier Refunds Received during 3 Month Period Interest Factor (90 Day Commercial Paper Rate)	0	\$	\$0.00
Refunds Including Interest	0	\$	\$0.00
Divided by 12 Month Projected Sales Ended	0	Mcf	\$0.00
<b>Current Supplier Refund Adjustment</b>			<b>\$0.00</b>

## Proposed Form Including Pipeline Replacement Charge

APPENDIX B  
Page 5

## SCHEDULE IV

## ACTUAL ADJUSTMENT

For the three months ending March 31, 2017

Particulars	Unit	Jan	Feb	March
		Month 1	Month 2	Month 3
Total Supply Volumes Purchas	Mcf	6,894.0000	4,580.0000	5,908.0000
Total Cost of Volumes Purchas	\$	\$59,239.25	\$36,333.76	\$41,767.22
/ Total Sales *	Mcf	6,552.2000	4,972.3000	5,612.6000
= Unit Cost of Gas	\$/Mcf	9.0411	7.3072	7.4417
- EGC in Effect for Month	\$/Mcf	8.0653	8.0653	8.0653
= Difference	\$/Mcf	0.9758	(0.7581)	(0.6236)
x Actual Sales during Month	Mcf	6,552.2000	4,972.3000	5,017.5000
= Monthly Cost Difference	\$	6,393.7913	(3,769.3312)	(3,128.9715)
Total Cost Difference			\$	(504.5113)
/ Sales for 12 months ended			Mcf	36,063.8500
= Actual Adjustment for the Reporting Period (to Sch IC)				(0.0140)

\* May not be less than 95% of supply volume

*Proposed Form Including Pipeline Replacement Charge*

**APPENDIX B  
Page 6**

**SCHEDULE V**

Case No.

<u>Effective Date</u>	<u>Mcf Sales</u>	<u>Factor</u>	<u>Refunded</u>	<u>Balance</u>
<b>Beginning Balance</b>				
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0
			\$0.00	\$0

Under/(Over) Recovery	\$0
Mcf Sales for factor	36,064
BA Factor	\$0.0000

*Proposed Form Including Pipeline Replacement Charge*

Estimated

APPENDIX B

Added Schedule VI

Page 7

Apache Gas Transmission Pipeline Replacement Charge

Apache Gas Transmission Pipeline Replacement Charge for per year:	\$ 12,360.00
MCF sold last year	<u>39,069</u>
Cost per MCF	\$ 0.32

Total Purchases  
Expected Gas Cost

<u>Month</u>	<u>MCF Purchased</u>	<u>Expected Rate</u>	<u>Expected Cost</u>	<u>MCF Sales</u>
Apr-16	2,070	\$ 7.8742	\$ 16,299.52	2,114
May-16	1,623	\$ 7.8742	\$ 12,779.77	1,678
Jun-16	1,056	\$ 7.8742	\$ 8,315.12	1,201
Jul-16	1,111	\$ 7.8742	\$ 8,748.20	1,038
Aug-16	1,860	\$ 7.8742	\$ 14,645.95	1,203
Sep-16	1,258	\$ 7.8742	\$ 9,905.70	1,140
Oct-16	2,236	\$ 7.8742	\$ 17,606.63	1,787
Nov-16	3,693	\$ 7.8742	\$ 29,079.29	3,659
Dec-16	6,780	\$ 7.8742	\$ 53,386.84	5,703
Jan-17	6,894	\$ 7.8742	\$ 54,284.50	6,552
Feb-17	4,580	\$ 7.8742	\$ 36,063.68	4,972
Mar-17	5,908	\$ 7.8742	\$ 46,520.57	5,018
<b>Total</b>	<b>39,069</b>	<b>\$ 7.8742</b>	<b>\$ 307,635.79</b>	<b>36,064</b>

FOR All Service Areas  
Area Served

P.S.C. KY. NO. 1

SHEET NO. 1

Burkesville Gas Company, Inc.  
(Name of Issuing Corporation)

CANCELLING P.S.C. KY. NO. 1

SHEET NO. 1

**RATES AND CHARGES**

REVISED RATE SCHEDULES

**APPLICABILITY:** APPLICABLE WITHIN ALL AREAS SERVICED BY BURKESVILLE GAS COMPANY, INC.

**AVAILABILITY:** AVAILABLE FOR GENERAL USE BY RESIDENTIAL AND INDUSTRIAL CUSTOMERS.

**CHARACTER OF SERVICE:** FIRM-WITHIN THE REASONABLE LIMITS OF THE COMPANY'S CAPABILITY TO PROVIDE SUCH SERVICE.

**RATES:**

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
<b><u>RESIDENTIAL</u></b>			
Customer Charge	\$7.50		\$7.50
All MCF	\$7.54	\$7.8646	\$15.4046
<b><u>INDUSTRIAL</u></b>			
Customer Charge	\$7.50		\$7.50
All MCF	\$7.19	\$7.8646	\$15.0546

NOTE (1) THE ABOVE RATES ARE BASED UPON THE WHOLESALE COST OF GAS AT THE REGULATOR STATION IN BURKESVILLE, KENTUCKY AND/OR ANY OTHER TOWNS WHERE GAS SERVICE IS PROVIDED. BEING A COST OF \$7.8359 PER MCF.

NOTE (2) INDUSTRIAL CUSTOMERS RECEIVING THE LOWER COST RATE WILL BE UNDER INTERRUPTABLE AGREEMENTS. THE MINIMUM CHARGE FOR SERVICE SHALL BE SET FORTH IN THE AGREEMENT WITH EACH INDUSTRIAL CUSTOMER.

NOTE (3) GAS RECOVERY RATE INCLUDES \$0.32 PER MCF FOR THE PIPELINE REPLACEMENT PROGRAM SURCHARGE AS AUTHORIZED BY KRS 278.509.

DATE OF ISSUE March 16, 2017  
Month / Date / Year

DATE EFFECTIVE March 28, 2017  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2017-00103 DATED March 13, 2017