

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	CASE NO.
GAS SALES, INC. FOR A RATE ADJUSTMENT)	2021-00483
PURSUANT TO 807 KAR 5:076)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO BLUEGRASS GAS SALES, INC.

Bluegrass Gas Sales, Inc. (Bluegrass), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on August 16, 2022. The Commission directs Bluegrass to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Bluegrass shall make timely amendment to any prior response if Bluegrass obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Bluegrass fails or refuses to furnish all or part of the requested information, Bluegrass 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. When filing a paper containing personal information, Bluegrass shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Amended Application, filed June 16, 2022 (Application), Exhibit
2. Bluegrass is requesting that the reconnect charge be increased from \$25 to \$75. Provide a cost justification for the proposed reconnect charge of \$75.

2. Refer to the Application, Exhibit 2. Bluegrass states that it is planning to upgrade/improve several key systems/equipment that will help provide efficiencies and additional services that will keep cost increases to a minimum. Provide a list of these

upgrades and improvements and the estimated savings and efficiencies that will result. Provide supporting documentation for the estimated savings and efficiencies.

3. Refer to the Application, Exhibit 3. Explain the rationale behind the proposed increase for the customer charge from \$10 to \$17.50.

4. Refer to the Application, Exhibit 4.

a. Explain whether any operations and maintenance expenses are allocated to the Logan County School District. If not, explain why not.

b. Explain whether the margins for this special contract customer provides a benefit to Bluegrass's other customers.

5. Refer to the Application, Exhibit 5.

a. Refer to Item C, Management Fees and Item D, Salaries – Accounting/Administrative.

(1) Explain how many employees are contracted through Bluegrass's agreement with Home Office, Inc. (Home Office) and the duties, responsibilities, hours per year, and current and proposed pay of each employee.

(2) Explain whether Home Office tracks the hours spent providing services to Bluegrass. If so, explain how that tracking is performed. If not, explain why not.

(3) Additionally refer to Exhibit 5-2. Confirm that Mark O'Brien is the president of both Bluegrass and Home Office. If this cannot be confirmed, explain.

b. Refer to Item F, Insurance – Health.

(1) Explain who is covered by the health insurance.

(2) Provide support for the proposed increase.

(3) Provide a breakdown of the employees' contributions to health insurance.

c. Refer to Item G, Contract Labor Costs.

(1) Provide a list of the contracted labor used by Bluegrass and what services the contracted labor provides to Bluegrass.

(2) Provide the contract labor costs for 2019, 2020, and 2021.

d. Refer to Item H, Bank Fees.

(1) Provide the total bank fees for 2019, 2020, and 2021.

(2) Explain whether all of Bluegrass's electronic and credit card payments are processed by the same vendor.

e. Refer to Item I, Office Expense/Supplies. Provide a detailed calculation of the proposed adjustment.

f. Refer to Item J, Postage. Provide a detailed calculation of the proposed adjustment.

g. Refer to Item K, Rent.

(1) State the entities from which Bluegrass rents its office space and equipment storage space.

(2) Provide any market studies used to determine market rates.

(3) Provide any rental agreements.

(4) Provide the square footage used per renter and explain how rental payments are allocated between renters.

(5) Provide a detailed calculation of the proposed increase.

h. Refer to Item L, Repairs and Maintenance.

- (1) Provide a detailed calculation of the proposed adjustment.
 - (2) Explain the parties that are paid for the repairs and maintenance.
 - (3) Provide the repairs and maintenance expenses for 2018, 2019, 2020, and 2021.
- i. Refer to Item M, Insurance – Liability and Property.
 - (1) Provide a detailed calculation of the proposed adjustment.
 - (2) Provide the insurance policy and explain which items are covered.
- j. Refer to Item O, Rate Case Fees Adjustment.
 - (1) Provide an itemized estimate of rate case expenses.
 - (2) In the same detail as above, provide the cost incurred to date.
- k. Refer to Item P, Truck Maintenance/Gasoline. Provide a detailed calculation of the proposed adjustment.
- l. Refer to Item Q, Property Tax. Provide a detailed calculation of the proposed adjustment.
6. Refer to the Application, Exhibit 6, Billing Analysis. Provide this exhibit in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.
7. Refer to the Application, Exhibit 8 and the amortization schedules included in Bluegrass's July 13, 2022 response to filing deficiencies. Confirm that the \$40,000, 5-year note with Huntington National Bank, executed July 20, 2020, did not receive approval pursuant to KRS 278.300.

8. Refer to Bluegrass's 2020 Annual Report, page 29 of 42.
 - a. In calendar year 2020, Bluegrass reported "Meter Reading Labor" of \$400. Explain what this amount represents.
 - b. In calendar year 2020, Bluegrass reported no expenses for "Customer Records and Collection."
 - (1) Describe in detail the manner in which Bluegrass performs the customer billing and collections and how it maintains the customer records.
 - (2) Explain whether customer billing and collections are performed by Bluegrass employees, or by outside contractors.
 - c. In calendar year 2020, Bluegrass reported "Uncollectible Accounts" of \$5,109. Provide the uncollectible accounts expenses for 2019 and 2021.
9. Refer to Bluegrass's Tariff, PSC KY No. 1, Original Sheet No. 7, Rules and Regulations, Section 12, Special Charges.
 - a. Provide updated cost justification of the \$25 Collection Charge.
 - b. Provide updated cost justification for the \$25 Reconnection Charge.
 - c. Provide updated cost justification for the \$15 Returned Check Fee.
 - d. Provide updated support for the \$15 returned check fee.
10. Explain why there is no income from nonrecurring charges listed in the Application.
11. Provide Bluegrass's nonrecurring charges in a schedule listing the number of occurrences per charge, the cost per charge, the total dollar amount billed, and the total dollar amount collected during the test year.
12. Provide the monthly customer count and monthly sales for the test year.

13. Provide the total amount collected for late fees and the number of instances for which late fees were charged during 2018, 2019, 2020, and 2021.

14. Provide the number of disconnections and reconnections for 2019, 2020, and 2021.

15. State the last time Bluegrass performed a cost-of-service study (COSS) to review the appropriateness of its current rate and rate design.

a. Explain whether Bluegrass considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to Bluegrass's system would cause a new COSS to be prepared since the last time it has completed one.

c. If there has been no material changes to the Bluegrass's system, explain when Bluegrass anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for Bluegrass's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED AUG 01 2022

cc: Parties of Record

*Daniel M Sullivan
Bluegrass Gas Sales, Inc.
3620 Rockland Mills Road
Center City, KY 42214

*Bluegrass Gas Sales, Inc.
3620 Rockland Mills Road
Center City, KY 42214

*Julie Parsons
Bluegrass Gas Sales, Inc.
3620 Rockland Mills Road
Center City, KY 42214

*Mark O'Brien
Bluegrass Gas Sales, Inc.
3620 Rockland Mills Road
Center City, KY 42214