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January 31, 2006

**RECEIVED
FEB 1 2006
PUBLIC SERVICE
COMMISSION**

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort KY 40602-0615

Re: Case No. 2005-00478, In the Matter of: J. W. Kinzer Drilling Company's Request to Increase its Farm Tap Rates.

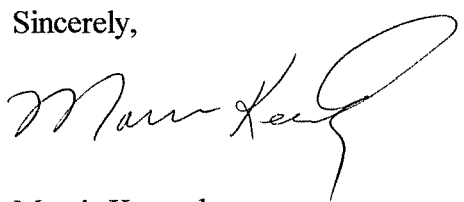
Dear Ms. O'Donnell:

Enclosed for filing in the above-referenced matter find the following pleading submitted by J. W. Kinzer Drilling Company:

1. Responses of J. W. Kinzer Drilling Company to "Intervenors Motion to Compel and Motion for an Informal Conference and/or Formal Hearing".

Thank you for your cooperation in this matter.

Sincerely,



Morris Kennedy

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**J. W. KINZER DRILLING COMPANY'S
REQUEST TO INCREASE ITS FARM
TAP GAS RATES**

CASE NO. 2005-00478

**RESPONSES OF J. W. KINZER DRILLING COMPANY TO "INTERVENOR'S
MOTION TO COMPEL AND MOTION FOR AN INFORMAL CONFERENCE AND/OR
FORMAL HEARING"**

Comes J. W. Kinzer Drilling Company (hereinafter "Applicant"), by Counsel, and for its responses to "Intervenor's Motion to Compel and Motion for an Informal Conference and/or Formal Hearing" respectfully states as follows:

1. Applicant's rate increase request must be judged on the "just and reasonable" standard set forth in KRS 278.030. The components of Applicant's proposed increased rate, as clearly set forth in Applicant's initial filing herein, are limited to the commodity cost of provided gas together with only those internal costs directly related to the provision of that gas to the farm-tap customers. No rate of return is sought. Applicant asks only that it be allowed to recover its costs of complying with KRS 278.485. To not allow Applicant to do so would be, *per se*, unjust and unreasonable.

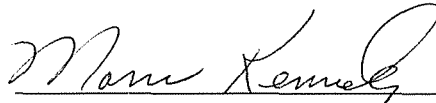
2. Intervenor has made twenty-seven (27) discovery requests of Applicant. Applicant has responded to eighteen (18) of those requests, and has objected to nine (9) such requests as being clearly irrelevant to the issue of whether its rate increase request is supported by its filing and is thus just and reasonable. A review of the discovery requests objected to makes clear they have no bearing on the commodity cost of gas provided or the other components of Applicant's requested rate increase such as allocable labor, vehicle costs, postage, tools, supplies or rent. Because the information sought by Intervenor in the objectionable discovery requests would not tend to prove

or disprove the accuracy of the components of Applicant's requested rate, and would, therefore, have no applicability here, they are irrelevant to this proceeding and cannot be legally compelled.

3. The Intervenor has requested an informal conference or a formal hearing in this matter, apparently for the purpose of attempting to continue his "fishing expedition" for irrelevant information and/or delay. Applicant's position is that the information submitted to date to the Kentucky Public Service Commission (hereinafter "KPSC") justifies the rate increase requested, and no further delay is warranted. Applicant has for many months sold gas to farm-tap customers **at a loss**. To require Applicant to continue to bear this loss would be unjust and unreasonable. Should the KPSC require further information from Applicant to support its rate increase request, Applicant will provide that information immediately, but no grounds to delay this matter until a conference or hearing may be held are apparent from Intervenor's pleadings.

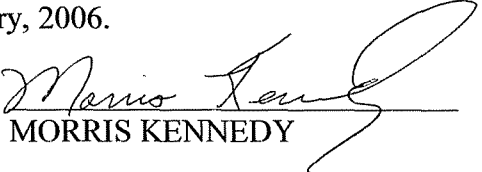
4. Applicant has filed with the KPSC a motion seeking to deny full Intervenor status to the Intervenor and strike his discovery requests. Applicant reiterates here that Intervenor has not complied with the provisions of 807 KAR 5:001, Section 3.(8)(b) as regards the requirements for the grant of full intervenor status, and is not, therefore, entitled to that status. Curiously, in his most recent pleading, Intervenor still refuses to satisfy his obligation under the KPSC's rules and set forth his interest in this proceeding. The Applicant and the KPSC are entitled to know if the Intervenor has any standing in this matter. Based on the current state of the record, he does not.

This 30th day of January, 2006.


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CERTIFICATE OF SERVICE

This certifies that the foregoing "Responses of J. W. Kinzer Drilling Company to Intervenor's Motion to Compel and Motion for an Informal Conference and/or Formal Hearing" have been filed with the Kentucky Public Service Commission by mailing to Beth O'Donnell, Executive Director, Kentucky Public Service Commission, P. O. Box 615, Frankfort, Kentucky 40602-0615, with true copy served upon Intervenor Timothy C. Bates, P. O. Box 787, Hindman, Kentucky 41822 by first class mail, this 3rd day of January, 2006.


MORRIS KENNEDY