

**Tackett & Sons Drilling Contractors, Inc.**  
**264 Twin Lick Road**  
**Salyersville, Kentucky 41465**

February 1, 2011

Mr Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

FEB - 7 2011

PUBLIC SERVICE  
COMMISSION

Dear Mr. Derouen:

We are providing the following in regards to the request for additional information in the application of Tackett & Sons Drilling Contractors, Inc. ("Tackett & Sons") Case 2010-00403:

1. Provide the number of farm tap customers currently served.

See Exhibit A

2. How many farm tap customers are anticipated.

We anticipate 34 customers.

3. Provide cost support for the requested rates.

See Exhibit B

4. Have Commission arrange inspection of the new service line.

Tackett & Sons was not aware of this requirement until this application process, at which time Tackett & Sons contacted PSC field personnel to arrange for inspection.

5. Applicable fees from item three of Rules and Regulations.

Tackett & Sons will not charge any fees before service commences.

6. Current map of natural gas wells and pipelines that will furnish gas to farm tap customers.

See Exhibit C

Kentucky Public Service Commission  
Tackett & Sons Drilling Contractors, Inc.

7. Does Tackett & Sons have any other natural gas wells and lines that furnish farm tap gas that are not part of this application.

No

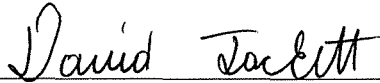
8. Does Tackett & Sons provide gas service to any customers located beyond one-half mile of its gas wells or gas gathering lines.

No

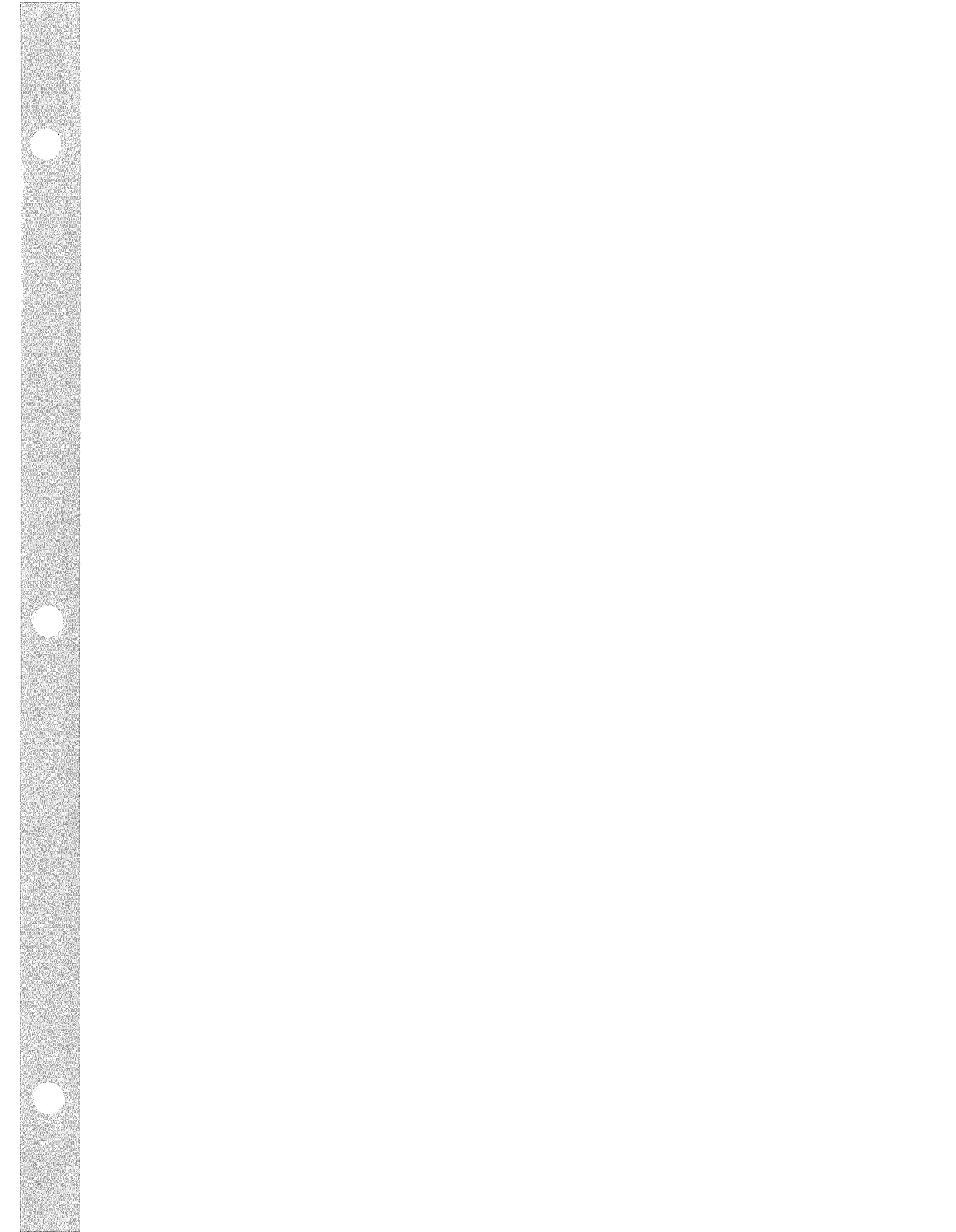
9. Does Tackett & Sons sell gas into the interstate market.

No

To the best of my knowledge the above responses are true and accurate and formed after a reasonable inquiry.



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David Tackett  
President



FARM TAP CUSTOMERS

MAGOFFIN CO.

David Tackett (Free) — *own's well*  
264 Twin Lick Rd.  
Salyersville, Ky. 41465

Lacy Creek Primitive Baptist church (Free)  
Lacey Creek Rd.  
Salyersville, Ky. 41465

Wendell Lewis (Free) — *own's well*  
Box 999  
Salyersville, Ky. 41465

Lillian Howard  
3875 Rockhouse Creek Rd.  
Salyersville, Ky. 41465

Denzil Jenkins  
3766 Rockhouse Creek Rd.  
Salyersville, Ky. 41465

Hubert Jenkins  
3935 Rockhouse Creek Rd.  
Salyersville, Ky. 41465

MORGAN CO.

Charles Ray Bailey (Rented house)  
3317 Hwy. 1000  
West Liberty, Ky. 41472 *own's well*

Royce Keith Bailey  
643 Hwy. 1081  
West Liberty, Ky. 41472

Rephard Lykins (Free) *- own's well*  
324 Hwy. 1081  
West Liberty, Ky. 41472

John A. Oldfield (Free) *- own's well*  
8907 Hwy. 460E  
West Liberty, Ky. 41472

Pam Oldfield (Free) *- own's well*  
9349 Hwy. 460E  
West Liberty, Ky. 41472

Tommie Oldfield (Free) *- own's well*  
8907 Hwy. 460E  
West Liberty, Ky. 41472

Darrell Gullett (Free) *- own's well*  
2177 Hwy. 1000  
West Liberty, Ky. 41472

Hershell Lykins (Free) *- own's well*  
2173 Hwy. 1000  
West Liberty, Ky. 41472

Jewell Allen  
5737 Louise Ave.  
Warren, Ohio 44483

Mavery Gullett  
2271 Hwy. 1000  
West Liberty, Ky. 41472

Troy Ison  
2377 Hwy. 1000  
West Liberty, Ky. 41472

Larry Evans  
2689 Hwy. 1000  
West Liberty, Ky. 41472

Jackie Lykins (Free) *- own's well*  
2478 Hwy. 1000  
West Liberty, Ky. 41472

Anthony Frederick (Free) *- own's well*  
2919 Hwy. 1000  
West Liberty, Ky. 41472

Anthony Frederick (Music Room)  
2919 Hwy. 1000  
West Liberty, Ky. 41472

Jessie Reed (Free) *- own's well*  
3066 Hwy. 1000  
West Liberty, Ky. 41472

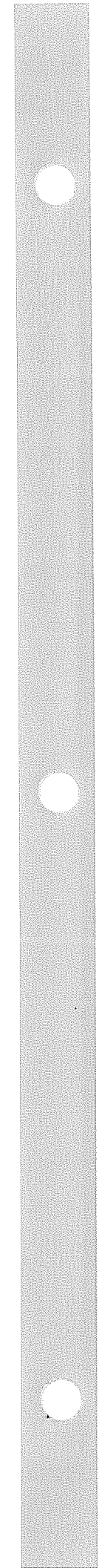
K.H. Risner (Free) *- own's well*  
3071 Hwy. 1000  
West Liberty, Ky. 41472

Charles Ray Bailey (Free) *- own's well*  
3317 Hwy. 1000  
West Liberty, Ky. 41472

Glenda Humble Estate  
C/O Keith Humble  
183 Jones Creek Rd.  
West Liberty, Ky. 41472

Mary Clay Lykins  
3775 Hwy. 1000  
West Liberty, Ky. 41472

Gary Lykins (Free) *- own's well*  
3890 Hwy. 1000  
West Liberty, Ky. 41472



**TACKETT & SONS DRILLING CONTRACTORS, INC.**

**Rate Support Calculations**

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**Assumption for Usage:**

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Anticipated customers	34
Estimated average monthly use per customer (mcfs)	5.00
Estimated average annual use per customer (mcfs)	60
Estimated total yearly use (mcfs)	2,040

**Rate Calculation**

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Schedule 1 - Gas Commodity Cost per Mcf	\$	4.56
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*Projected Costs*

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Schedule 2 - Farm Tap Cost	\$	0.80
Schedule 3 - Meter Reading and Maintenance		1.44
Schedule 4 - Mileage		0.58
Schedule 5 - Materials and Supplies		0.56
Schedule 6 - Administrative Personnel Cost		0.51
Schedule 7 - Office Expense		0.73
	\$	<u>4.61</u>

**Total Cost per Mcf** \$ 9.17

**TACKETT & SONS DRILLING CONTRACTORS, INC.**  
**Schedule 1 - Gas Commodity Cost**

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NYMEX - Natural Gas Contract Month End Settlement Price  
February, 2010 to January 2011

<u>Date</u>	<u>Dth</u>
Feb-10	\$ 5.274
Mar-10	4.816
Apr-10	3.842
May-10	4.271
Jun-10	4.155
Jul-10	4.717
Aug-10	4.774
Sep-10	3.651
Oct-10	3.837
Nov-10	3.292
Dec-10	4.267
Jan-11	<u>4.216</u>
Average for the 12 months	4.259
Btu	<u>1.0701</u>

Average per Mcf 

\$ 4.558
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**TACKETT & SONS DRILLING CONTRACTORS, INC.**  
**Schedule 2 - Initial Build Out of Farm Tap System**

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Sulfur treatment equipment	\$ 4,060.00
Property for equipment	2,080.00
Connection for equipment	1,748.79
Kemray regulator	315.00
Fence and signs	408.93
Taps for customers	448.80
Risers	913.58
Meters	2,057.34
Values & fittings	952.00
Pipe	76.02
	<u>\$ 13,060.46</u>

Estimated live 8 years

Total cost per year \$ 1,632.56

Estimated total yearly usage (mcfs) 2,040

**Rate Component**

\$ 0.80
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**TACKETT & SONS DRILLING CONTRACTORS, INC.**  
**Schedule 3 - Meter Reading and Maintenance**

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Base Pay	\$	15.00
Social Security/Medicare		0.85
Federal/State unemployment		0.07
Workers' comp insurance		1.35
	\$	<u>17.27</u>

Projected per customer			
Meter reading each month	15.00	minutes per customer	
	12	months	
Hours per year	<u>3.00</u>	hours	
Calls outs, maintenance, etc per year	<u>2.00</u>	hours	
Total hours per customer	5.00	hours	

Total number of customers	<u>34</u>
Yearly estimated hours	170
Hourly rate	\$ <u>17.27</u>
Estimated annual labor cost	\$ <u>2,935.48</u>

Estimated total yearly usage (mcfs) 2,040

**Rate Component** \$ 1.44

**TACKETT & SONS DRILLING CONTRACTORS, INC.**

**Schedule 4 - Mileage**

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Estimated mileage per month

To read meters	28
Call outs and maintenance	<u>168</u>
	196

IRS 2010 mileage allowance	\$ 0.50
	<u>\$ 98.00</u>
	12 Months
Yearly estimated miles	\$ 1,176.00

Estimated total yearly usage (mcfs) 2,040

**Rate Component**

\$ 0.58
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**TACKETT & SONS DRILLING CONTRACTORS, INC.**

**Schedule 5 - Material and supplies**

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Pipeline repairs	\$ 175.00
Sulfur treatment chemicals	836.00
Paint, supplies etc.	<u>125.00</u>
	1,136.00

Estimated total yearly usage (mcfs) 2,040

**Rate Component**

\$ 0.56
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**TACKETT & SONS DRILLING CONTRACTORS, INC.**  
**Schedule 6 - Administrative Personnel Cost**

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Base Pay	\$	10.00
Social Security/Medicare		0.57
Federal/State unemployment		0.07
Workers' comp insurance		0.20
	\$	<u>10.84</u>

Estimated hours per month		
Prepare billing and mail		3.00
Processing cash receipts		2.50
Bank deposits		1.50
Customers questions		1.00
Estimated hours per month		<u>8.00</u>
		12 Months
Yearly estimated hours		<u>96.00</u>
Hourly rate	\$	<u>10.84</u>
	\$	<u>1,040.16</u>

Estimated total yearly usage (mcfs) 2,040

**Rate Component** \$ 0.51

**TACKETT & SONS DRILLING CONTRACTORS, INC.**  
**Schedule 7 - Office Expenses**

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Monthly postage	\$	14.96
Paper, envelopes, etc.		8.84
Office occupancy		100.00
Estimated monthly cost	\$	<u>123.80</u>
		12 Months
Yearly estimated cost	\$	<u>1,485.60</u>

Estimated total yearly usage (mcfs) 2,040

**Rate Component** \$ 0.73

