

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KYTX OIL & GAS, LLC FOR) CASE NO.
APPROVAL TO OPERATE A FARM TAP SYSTEM) 2011-00507

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO KYTX OIL & GAS, LLC

KYTX Oil & Gas, LLC ("KYTX"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 5, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the individual 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 response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KYTX shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made, or though correct when made, is now incorrect in any material respect. For any request to which KYTX fails or refuses to furnish all or part of the requested information, it shall provide a

written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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.

1. Refer to the first page of KYTX's response to the Commission Staff's First Request for Information ("Staff's First Request"), which has the heading "Gas Price Calculations."

a. Provide all calculations, work papers, and source documents used to develop the 12-month New York Mercantile Exchange strip price of \$3.97 per Dekatherm ("Dth").

b. Provide all calculations, work papers, and source documents used to develop the two-year average Appalachian Differential of \$0.34 per Dth.

2. Refer to Schedule 1 of the response to Staff's First Request.

a. Explain in detail how the estimate of 8.0 hours per year/customer for "call-outs, maintenance, etc." was developed.

b. Explain in detail how the estimate of 2.0 hours per year/customer for overtime was developed.

c. Confirm that the amount on the first line under the heading "Labor Cost Per Mcf" should be \$280.00 rather than \$246.67.

d. Explain what "Meter Cost (over 5 years)" in the amount of \$66.67 is intended to represent.

e. Explain how the estimate of 200 Mcf for the 12-month average usage was developed, including whether this represents the expected usage of the one known customer, or whether this is an estimate of usage of more than one customer.

3. Refer to Schedule 2 of the response to Staff's First Request.

a. Explain in detail how the estimates of (1) 8.0 hours for "preparing and reviewing invoices," (2) 8.0 hours for "processing cash receipts," and (3) 3.0 hours for "collections and customer questions" were developed.

b. Clarification is needed as to what the \$380.00 cost estimate is meant to represent. The top half of the page appears to indicate that the 19.0 hours for the three administrative functions listed in part a. of this request is the amount of time related to serving all customers. However, on the second line under the heading "Personnel Cost Per Mcf," \$380.00 (19.0 hours X \$20.00 hourly rate) is identified as "Average monthly per customer." Clarify whether the estimate of 19.0 hours per month for the three administrative functions listed in part a. of this request represents the hours per month related to serving a single customer or the hours per month related to serving all customers.

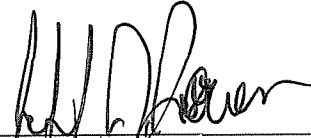
c. If different than the response to part e. of Item 2 of this request, explain how the average 12-month usage of 200 Mcf was developed.

4. Refer to Schedule 3 of the response to Staff's First Request.

a. 200 Mcf is identified on this schedule as "Total average monthly usage" rather than 12-month average usage as it is identified on Schedules 1 and 2 of the response. Explain why the description of the 200 Mcf on Schedule 3 differs from the descriptions on Schedules 1 and 2.

b. Confirm that the per-Mcf amount on the last line of the schedule should be \$0.55 ($\$110.00 / 200$) rather than \$0.59.

5. Refer to Schedule 4 of the response to Staff's First Request. On this schedule, 200 Mcf per month is identified as "Total Mcf Usage." Explain what is meant by "Total Mcf Usage" in the context of this response.



Jeff DeJouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED FEB 23 2012

cc: Parties of Record

Leslie Derr
KYTX Oil & Gas, LLC
6423 KY 1232, PO Box 569
Gray, KENTUCKY 40734