

# BROWN & HILL<sup>PLLC</sup>

ATTORNEYS AT LAW

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FEB 22 2012

PUBLIC SERVICE  
COMMISSION

February 21, 2012

Hon. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40601

**Re: Case No. 2012-00022**  
**Application of Forexco, Inc., for Farm Tap Rate Adjustment**

Dear Mr. Derouen:

Enclosed please find the original and seven (7) copies of Forexco, Inc.'s Response to Commission Staff's First Request for Information to Forexco, Inc., as it relates to above-referenced case.

Should you have any questions or need additional information, please contact us at your convenience.

Sincerely,



Shannan Stamper Carroll

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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FEB 22 2012

PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF FOREXCO, INC. FOR )  
FARM TAP RATE ADJUSTMENT )

CASE NO.  
2012-00022

**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR  
INFORMATION TO FOREXCO, INC.**

Comes now Forexco, Inc., ("Forexco") by and through the undersigned counsel, and states the following response to the Commission Staff's First Request for Information to Forexco, Inc. with regard to the above-referenced case number:

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

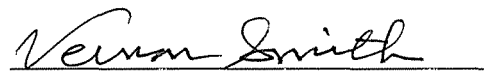
APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

1. Refer to the maps included in Forexco's Application ("Application").

a. Explain whether any customers, either paying customers or "free gas" customers, are connected to any of the existing gathering lines shown.

RESPONSE: There are no customers, paying or "free gas", connected to the existing gathering lines shown on the maps included in Forexco's Application.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
Vernon Smith  
Forexco, Inc.  
2122 Enterprise Road  
Greensboro, NC 27408

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

1. Refer to the maps included in Forexco's Application ("Application").

b. If the answer to part a. above is that there are paying customers connected to any of these lines, state how many customers, the rate(s) they are being charged, and by what authority.

RESPONSE: Not applicable (there are no paying customers connected to any of the existing gathering lines).

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
\_\_\_\_\_  
Vernon Smith  
Forexco, Inc.  
2122 Enterprise Road  
Greensboro, NC 27408

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

1. Refer to the maps included in Forexco's Application ("Application").

c. If the answer to part a. above is that there are no paying customers connected to these lines, describe Forexco's past efforts and planned future efforts to locate and advise residents located within one-half air mile of those lines, as well as the proposed line, of their right pursuant to KRS 278.485 to request farm tap service from those lines. Include an estimate of the population density of the portion of Bell County in which the gathering lines are located and provide separately the number of individuals or entities that could be eligible for farm tap service from the existing lines and the proposed line.

RESPONSE: Forexco's past efforts to locate and advise residents located within one-half air mile of existing gathering lines have been limited to discussions with J. Christopher Gibbs of Diversified Investments & Developments, LLC ("Diversified") when Forexco proposed the gathering line shown on the maps included in Forexco's application.

*(continued on next page)*

Forexco's planned future efforts to locate and advise will consist of sending a letter to all residents located within one-half air mile of existing and proposed gathering lines advising them of their right pursuant to KRS 278.485 to request farm tap service from those lines, and providing contact information for responding with a request to tap on to the lines. Forexco will then personally follow up with any residents who respond to the letter.

Forexco cannot locate an exact population density figure for the portion of Bell County in which the gathering lines are located, but the estimated population density for the zip code affiliated with nearest post office (Miracle, Kentucky, zip code 40856), based on the 2000 census, is 26 people per square mile.

At this time, Forexco estimates that there are 25 to 40 houses located within one-half air mile of the existing gathering lines shown on the maps included in its Application. Forexco estimates that there are 12 houses located along the proposed gathering line shown on the maps included in its Application.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*



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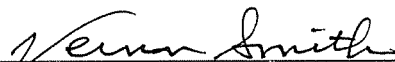
APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

1. Refer to the maps included in Forexco's Application ("Application").

d. Other than the gas well marked at the beginning of the proposed pipeline extension and the one marked at Cubage Creek, does Forexco anticipate other gas wells being added along this new section?

RESPONSE: Yes, Forexco anticipates that other gas wells will be added along this section, but the exact location and number of such other wells are undetermined at this time.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
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Vernon Smith  
Forexco, Inc.  
2122 Enterprise Road  
Greensboro, NC 27408

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:


APPLICATION OF FOREXCO, INC. FOR ) CASE NO.  
FARM TAP RATE ADJUSTMENT ) 2012-00022

2. Refer to Forexco's transmittal letter and to the draft letter included as document 8 of Forexco's Application.

a. Explain whether Forexco is aware that a farm tap system does meet the statutory definition of a utility set forth in KRS 278.010.

RESPONSE: Yes, Forexco is aware that a farm tap system does not meet the statutory definition of a utility set forth in KRS 278.010.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
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Forexco, Inc.  
2122 Enterprise Road  
Greensboro, NC 27408



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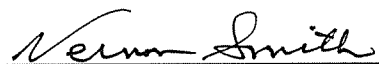
APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

2. Refer to Forexco's transmittal letter and to the draft letter included as document 8 of Forexco's Application.

b. Explain whether Forexco is aware that a farm tap system has no continuing obligation to serve its customers if it chooses to shut in wells to which the gathering lines that serve them are attached, if the gas supply from those wells is depleted, or if the gas company owning the gathering lines decides to discontinue operations altogether.

RESPONSE: Yes, Forexco is aware of the above.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
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Vernon Smith  
Forexco, Inc.  
2122 Enterprise Road  
Greensboro, NC 27408

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APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

2. Refer to Forexco's transmittal letter and to the draft letter included as document 8 of Forexco's Application.

c. Explain whether Forexco is aware that its obligation to serve the public as a farm tap provider is limited to those members of the public located within one-half air mile of its gas producing wells or gathering lines, and to the period of time that gas is available at the discretion of the farm tap provider.

RESPONSE: Yes, Forexco is aware of the above.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
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Vernon Smith  
Forexco, Inc.  
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APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

3. Explain whether Forexco's purpose is to provide utility service to customers, and if its intent is to establish a local distribution gas utility subject to the Commission's full authority under KRS Chapter 278 and KAR 807, including, for example, rate regulation pursuant to KRS 278.180, full gas distribution safety regulations, and the payment of assessments pursuant to KRS 278.130 through KRS 278.150.

RESPONSE: Forexco does not intend to or wish to become a "utility" as that term is defined in KRS 278.010. Forexco intends only to provide gas service through a farm tap system under KRS 278.485 to customers located within one-half air mile of Forexco's gathering lines.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
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APPLICATION OF FOREXCO, INC. FOR	)	CASE NO.
FARM TAP RATE ADJUSTMENT	)	2012-00022

4. Refer to the Affidavit of J. Christopher Gibbs concerning the request to tap on to the proposed line. Explain who the legal owner of the real property is; what facilities are in place on the real property, described as containing 1,551.82 acres; and the basis for the estimated 5 Mcf monthly usage for this potential farm tap customer.

RESPONSE: The legal owner of the surface rights to the real property is Diversified Investments & Development, LLC ("Diversified"). J. Christopher Gibbs is a managing member of Diversified. The facilities located on the real property for which the owner desires gas service is a horse barn with an office/apartment. The 5 Mcf monthly usage estimate for this potential farm tap customer is based on somewhat limited usage by this type of facility.

*I hereby certify that the foregoing response is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.*

  
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In the Matter of:

APPLICATION OF FOREXCO, INC. FOR  
FARM TAP RATE ADJUSTMENT

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CASE NO.  
2012-00022

Respectfully submitted,

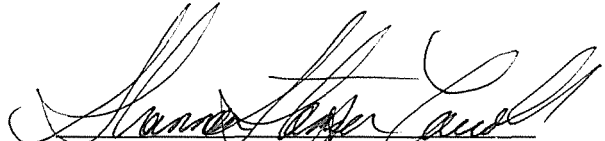


Shannan Stamper Carroll  
Brown & Hill, PLLC  
1005 S. Main St., Ste. 101  
Corbin, KY 40701  
*Attorney for Forexco, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing was on the 21<sup>st</sup> day of February, 2012, served by mailing the original and seven (7) true and exact copies of same, all postage prepaid, addressed for delivery to:

Mr. Jeff Derouen  
Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602



Shannan Stamper Carroll