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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

November 12, 2013

PARTIES OF RECORD

Re: Case No. 2013-00234
Request of Richardsville Gas Company, Inc. to Abandon Facility Pursuant to
KRS 278.021, Section 2(B)

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Staff Attorney Virginia Gregg at 502-782-2584.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".


Jeff Derouen
Executive Director

VG/kar
Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Virginia Gregg, Staff Attorney 

DATE: November 12, 2013

RE: Case No. 2013-00234
Request of Richardsville Gas Company, Inc. to
Abandon Facility Pursuant to KRS 278.021, Section 2(B)

On November 6, 2013, an informal conference was conducted at the Commission Offices in Frankfort, Kentucky. A list of the attendees is attached hereto.

The purpose of the conference was to discuss several issues in the above case and Commission Staff began the conference requesting an update regarding the negotiations between Richardsville Gas Company, Inc. ("Richardsville Gas") and potential purchasers of the utility. Glenn Miller, owner of Richardsville Gas, and his wife, Joan Miller both stated that they had recently learned that the possible sale of Richardsville Gas was no longer a viable option. According to the Millers, the potential buyers were no longer interested because of the cost of installing a 1,200 to 1,500 foot, two-inch plastic pipeline to connect the system to certain gas wells, the anticipated cost of liability insurance, and the cost of hiring an operator for the utility. There was also discussion about the ongoing costs of operating Richardsville Gas and the financial losses that were being incurred, especially since the utility had been forced to purchase gas after the Richardsville gas well had stopped producing five to six years ago. In addition, they noted many necessary, ongoing expenses that are being incurred that are not included in the current rates being charged. The Millers stated that a leak survey and employee training and recertification were needed but that Richardsville Gas had no money to pay for either. The Millers stated that they could no longer afford to subsidize Richardsville Gas with their own money.

There was a discussion regarding whether Richardsville Gas customers would be able to convert their furnaces, gas water heaters, stoves and other appliances from natural gas to propane and what the anticipated difference in cost would be in using natural gas compared to using propane. The Millers stated that new gas furnaces may already be capable of using propane while older gas furnaces and gas stoves should be able to be converted to propane, but that gas water heaters probably could not be converted. Also it was stated that based on current costs, customers would probably have to pay between 150 to 200 percent more if natural gas was replaced by propane.

Finally, the Millers expressed their concerns for the 47 Richardsville Gas customers, including the three commercial customers, the three churches and the

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remaining residential customers. The Millers stated that in addition to the petition filed in the case and signed by most of their customers stating that the customers were willing to pay higher rates if the utility was not abandoned, they had received a petition signed by the members of one of the churches expressing their interest in helping to keep the utility operating.

Commission Staff expressed its willingness to assist the Millers, including help with rate case assistance and by providing contact information for other possible assistance.

The conference was then adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF RICHARDSVILLE GAS)
COMPANY, INC. TO ABANDON FACILITY) CASE NO.
PURSUANT TO KRS 278.021 SECTION 2(B)) 2013-00234

November 6, 2013

Please sign in:

NAME

REPRESENTING

<u>Joan Miller</u>	<u>Richardsville Gas</u>
<u>Leah Faulkner</u>	<u>Richardsville Gas</u>
<u>Matthew Baer</u>	<u>PSC FA</u>
<u>JEFF SHAW</u>	<u>PSC FA</u>
<u>Bill Aitken</u>	<u>PSC - Gas Branch</u>
<u>GARY GLOVER</u>	<u>PSC - GAS BRANCH</u>
<u>JAMES RICE</u>	<u>PSC</u>
<u>Virginia Gregg</u>	<u>PSC</u>
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