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SEP 20 2013

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September 20, 2013

Jeffrey DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40601

***RE: An Investigation of the Proposed Abandonment by AmeriGas Partners, L.P. and  
AmeriGas Propane, L.P. of Utility Service by Bright's Propane Service, Inc., in  
Old Bridge Subdivision, Boyle County, Kentucky  
Case No. 2013-00332***

Dear Mr. DeRouen:

Enclosed for filing please find an original and ten copies of the verified responses of AmeriGas Partners, L.P and AmeriGas Propane, L.P. to the Commission's Request for Information dated September 10, 2013 in the above-referenced case.

Please place your file stamp on the extra copy and return to me via our runner. Thank you very much for your attention to this matter.

Sincerely yours,

Deborah T. Eversole

DTE: jmp  
Enclosures

116993.146083/990900.1

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

FILED  
SEP 20 2013  
PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE PROPOSED )  
ABANDONMENT BY AMERIGAS PARTNERS, L.P. )  
AND AMERIGAS PROPANE, L.P. OF UTILITY )  
SERVICE BY BRIGHT'S PROPANE SERVICE INC. IN )  
OLD BRIDGE SUBDIVISION, BOYLE COUNTY, )  
KENTUCKY )

2013-00332

RESPONSE OF  
AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.  
TO THE  
COMMISSION'S REQUEST FOR INFORMATION  
DATED SEPTEMBER 10, 2013

FILED: September 20, 2013

VERIFICATION

COMMONWEALTH OF Pennsylvania )

COUNTY OF Montgomery )

SS:

The undersigned, R. Paul Grady, being duly sworn, deposes and says that he is VP and COO for AmeriGas Partners, L.P. and AmeriGas Propane, L.P., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

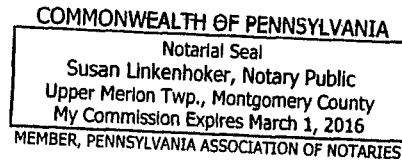
R Paul Grady  
(name)

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18<sup>th</sup> day of September, 2013.

Susan Linkenhoker  
(name)

My Commission Expires:

March 1, 2016



VERIFICATION

COMMONWEALTH OF Pennsylvania )

COUNTY OF Montgomery )

SS:

The undersigned, Edward Boden, being duly sworn, deposes and says that he is Safety and Technology Engineer

for AmeriGas Partners, L.P. and AmeriGas Propane, L.P., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

*Edward Boden*  
(name)

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18<sup>th</sup> day of September, 2013.

*Steven Ughy*  
(name)

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Steven Ughy, Notary Public  
Upper Merion Twp., Montgomery County  
My Commission Expires April 11, 2014  
Member, Pennsylvania Association of Notaries

VERIFICATION

COMMONWEALTH OF Kentucky )  
 )  
COUNTY OF Grant ) SS:

The undersigned, Rick Ham's, being duly sworn, deposes and says that he is employed for AmeriGas Partners, L.P. and AmeriGas Propane, L.P., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Rick Ham's  
(name)

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 18<sup>th</sup> day of September, 2013.

Randy J Mann  
(name)

My Commission Expires:

2-2-14



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 1**

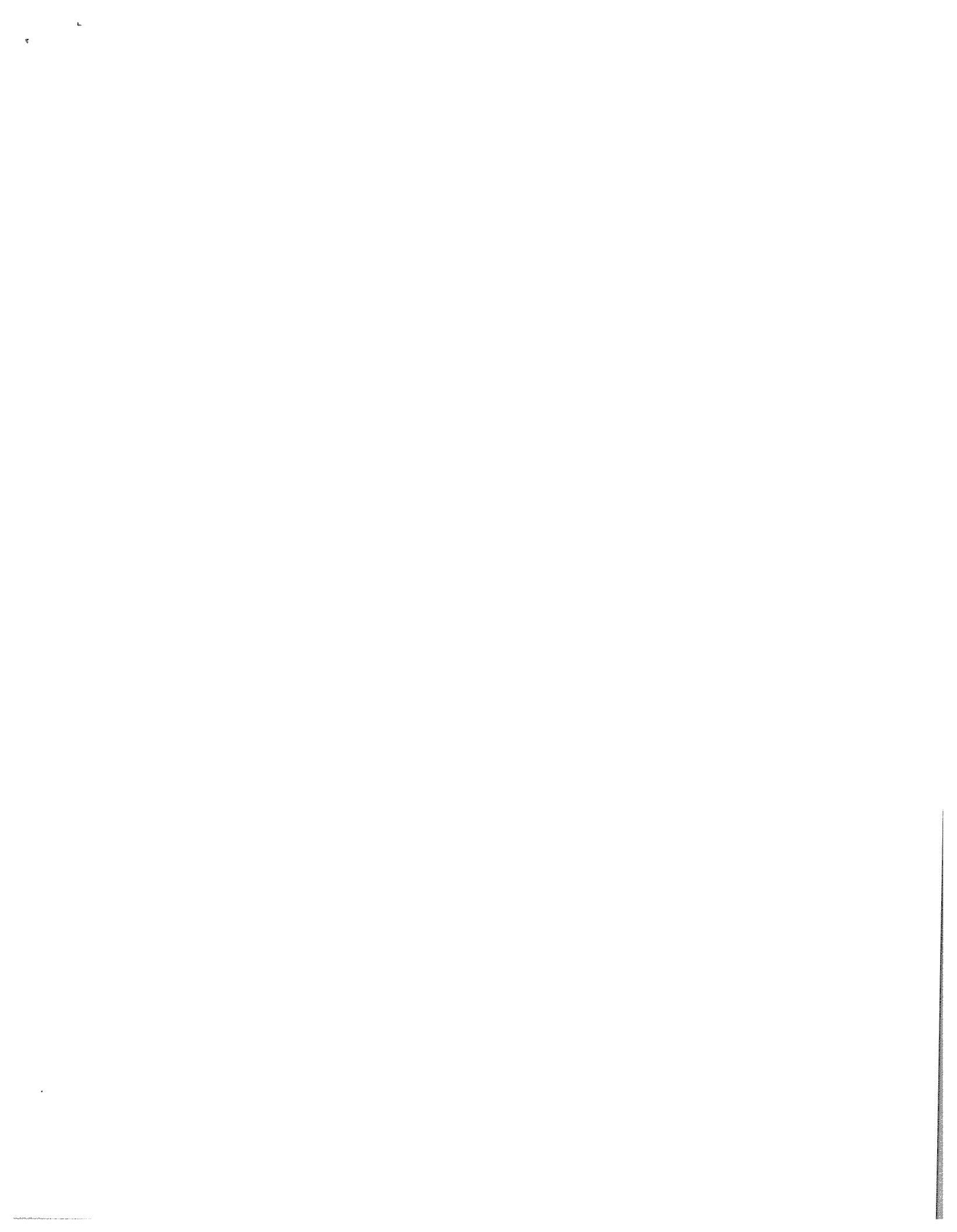
**Responding Witness: Rick Harris**

- Q-1. Provide a schedule showing the number of customers and their classification as either residential or commercial as of December 31 of each year from 2000 through 2012.
- A-1. See attached. Please note as well that the current number of customers is 56 rather than 52 as I stated previously in my affidavit filed as an exhibit in Case No. 2013-00241. The discrepancy is due to rental properties, at which service is not always connected.



YEAR	RESIDENTIAL	COMMERCIAL
2000	47	1
2001	47	1
2002	47	1
2003	48	1
2004	48	1
2005	48	1
2006	48	1
2007	50	1
2008	50	1
2009	55	1
2010	53	1
2011	52	1
2012	54	1





**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 2**

**Responding Witness: Rick Harris**

- Q-2. For the residential customers currently served, provide the number of those customers that use propane service for home heating.
- A-2. To the best of Company's knowledge, approximately 36 residential customers on the pipeline service use propane for home heating.



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 3**

**Responding Witness: Rick Harris**

- Q-3. For each commercial customer currently served, state the nature of its business and the volumes of gas purchased each month during 2012.
- A-3. See attached.

MONTH	NATURE/BUSINESS	GALLONS
January	Golf clubhouse	254
February	Golf clubhouse	249
March	Golf clubhouse	85
April	Golf clubhouse	60
May	Golf clubhouse	21
June	Golf clubhouse	19
July	Golf clubhouse	14
August	Golf clubhouse	14
September	Golf clubhouse	14
October	Golf clubhouse	79
November	Golf clubhouse	217
December	Golf clubhouse	214



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 4**

**Responding Witness: Rick Harris**

- Q-4. If a customer requests to terminate service for purposes of being served by an alternative supplier through the use of a propane tank on the customer's premise, explain the procedures used to physically disconnect the customer from the distribution system.
- A-4. The customer gives 30 days' advance notice to Company. Company removes the meter (after the new supplier has installed its tank) and caps and locks the line. The customer is then sent a final bill.





**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 5**

**Responding Witness: Rick Harris**

- Q-5. If a customer is physically disconnected for purpose of receiving service from an alternative supplier, explain the measures that would have to be taken to subsequently reconnect that customer to the distribution system.
- A-5. The company would reinstate the customer on the billing system, mount a new meter on the equipment (once the old supplier has removed its equipment), unlock the line, and reconnect the meter.



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 6**

**Responding Witness: Rick Harris**

- Q-6. Explain in detail the reasons why Bright's Propane has requested four extensions of time to file its 2012 Annual Report.
- A-6. On Thursday, January 12, 2012, AmeriGas Partners, L.P. ("AmeriGas Partners") acquired the propane operations of Energy Transfer Partners, L.P., including Heritage Operating L.P. ("Heritage") and Titan Energy Partners, L.P. and their respective subsidiaries, which includes acquiring the assets and use of fictitious business name registrations under the assumed name of Bright's Propane. AmeriGas Partners, L.P. subsequently transferred those assets to AmeriGas Propane, L.P., the operating entity.

As part of the transition and operating consolidation process, the employees of Heritage and AmeriGas underwent a reorganization that resulted in some employees leaving the company. In addition, some of the standard procedures of Heritage, including the use of its SAP software, did not transition into the AmeriGas model. Integrating the software data, including financial data, took months.

As a result, when the Bright's Propane employees were contacted by Doug Kottke, the Kentucky CPA handling the filing of the annual report on behalf of Bright's Propane, they were not able promptly to extract the operating data required to file the report. Although our in-house accountants provided certain data to the local CPA, the data was either too inclusive of all the operations in Burgin, Kentucky or the classifications of expense accounts were not properly identified in order to report according to the Kentucky PSC rules and regulations as requested by Mr. Kottke. It was not until late August, 2013 that our Assistant Controller was able to extract and provide the proper data specifically reflecting the operations of the Bright's Propane pipeline system in Burgin, Kentucky. However, that timing conflicted with our local CPA's schedule and the Kentucky Public Service Commission graciously allowed for a final extension through September 30, 2013. It is our understanding that the filing will take place prior to that deadline.



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 7**

**Responding Witness: Rick Harris**

- Q-7. Has each customer of Bright's Propane been sent a written notice of intent to abandon utility service? If so, provide a copy of the notice and state when the notice was sent and the method used to send the notice.
- A-7. Yes. See attached copy of the notice mailed to pipeline customers on September 19, 2013.



America's Propane Company

September 19, 2013

**NOTICE**

Amerigas Propane, L.P. d/b/a/ Bright's Propane Service has filed with the Kentucky Public Service Commission an application for approval to provide propane service to the Old Bridge Subdivision solely by means of delivery of propane to onsite tanks rather than by pipeline. We believe this change will be more economical not only to us, but to our current pipeline customers, even though rates for propane delivery are not regulated. For example, you will no longer pay a minimum monthly bill for 400 cubic feet of propane whether or not you actually used that propane. You will be billed only for the propane actually delivered to you.

We recognize that you have competitive choices available to you, and we wish to remain your propane supplier. To that end, we hereby offer to "lock in" your service for up to 2 years at the price of \$1.89 per gallon for the first year, and \$.50 over Bright's cost for procuring propane for the second year. These prices will become available to you after the Public Service Commission approves our application and the tank is installed on your premises. There will be no rental charge for the tank and, upon request, we will bury the tank at no cost to you.

If you have any questions or concerns, wish to lock in your service price at the above-listed prices, or notify us that you request burial of the tank, please call our office at (859) 748-5382. You may also contact the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky, 40602, to participate in the case. In your correspondence, please refer to Case No. 2013-00332. Copies of the documents associated with the Public Service Commission proceedings may be inspected at the Commission's offices at the above address or on the Commission's website at <http://psc.ky.gov>.

RICK HARRIS  
District Manager  
AmeriGas Propane, L.P.  
dba Bright's Bottle Gas



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 8**

**Responding Witness: Rick Harris**

- Q-8. If customers have been sent a notice to abandon utility service, state whether Bright's Propane has received any objections or protests from customers.
- A-8. The company is waiting for responses to the notice sent on September 19, 2013 and will notify the Commission of any objections or protests.





**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 9**

**Responding Witness: R. Paul Grady**

- Q-9. Did AmeriGas acquire Bright's Propane with the specific intent to abandon utility service to the customers served? If not, explain when AmeriGas made the decision to seek approval to abandon service.
- A-9. No. First, AmeriGas does not wish to abandon "service" to any of its customers. It does, however, wish to cease serving some of them by pipeline. Nor did AmeriGas acquire the assets with an intent to alter the means of serving Bright's pipeline customers. Discussions concerning altering the means of service began around April 2013 between then acting Area Director, Bruce Jones (who has since left the company) and District Manager Rick Harris as a result of their collection of information required for filing the annual report. Further discussions concerning the lack of profitability of the pipeline service were prompted by AmeriGas's receipt of notice from the Kentucky Public Service Commission concerning the failure to obtain approval prior to the acquisition of the pipeline system. The decision to seek approval to cease providing service by pipeline (while making every effort to continue to serve those customers by propane delivery) was reached thereafter.



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 10**

**Responding Witness: Rick Harris**

- Q-10. Provide the number of properties that have service lines installed and could potentially be utility customers of Bright's Propane.
- A-10. One main pipeline through the subdivision has 1 commercial customer and 55 current residential customer hookups. In addition, there are seven residential properties with disconnected service lines. It is the Company's understanding that these seven residences do not use propane for primary heating.



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 11**

**Responding Witness: Rick Harris**

- Q-11. Describe the efforts taken by Bright's Propane in the last four years to acquire additional customers to its utility system.
- A-11. There has been no marketing strategy for the pipeline system. Customers have determined if they want to be hooked up to the pipeline system as each home has been constructed.



**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 12**

**Responding Witness: Rick Harris**

- Q-12. Has Bright's Propane made a financial analysis to show the level of rates needed to operate the utility on a profitable basis? If so, provide a copy of the analysis.
- A-12. In order to be profitable, the Company would have to substantially increase the price per gallon of propane charged to pipeline customers. As of September 17, 2013, the current selling price of propane per gallon is approximately \$2.44 per gallon. The company estimates it would have to increase the price to \$3.596 per gallon to avoid a loss. Such a price is unreasonably high. Charging it would virtually eliminate the Company's ability to be competitive in this market. As Exhibit C to my Affidavit filed Case No. 2013-00241 shows, some of our competitors are charging as little as \$1.990 per gallon. However, the expenses of operating the pipeline are such that, to date, Bright's pipeline operations at Old Bridge have sustained a combined loss from the years 2007 through 2011 in the amount of \$95,315.00, with a minimal profit for the years 2004 through 2007. The Company's utility operation in 2011 alone operated at an estimated net income loss of \$27,000.





**AMERIGAS PARTNERS, L.P. AND AMERIGAS PROPANE, L.P.**

**CASE NO. 2013-00332**

**Response to Commission's Request for Information**

**Dated: September 10, 2013**

**Question No. 13**

**Responding Witness: Edward Boden**

Q-13. Does AmeriGas have a detailed written plan outlining the procedures it will following the abandonment of the underground facilities and a description of how it will comply with applicable pipeline safety regulations as set forth in 49 CFR 192.727? If so, provide a copy of the plan and description. If not, provide a narrative of AmeriGas's proposed abandonment process and include the procedures to be followed, personnel roles and responsibilities, the schedule of when the abandonment will commerce and when it will be completed, and steps taken to ensure the abandoned pipelines are safe.

A-13. See attached.

<b>AmeriGas Office of Pipeline Safety Manual</b>	<b>Operating and Maintenance Manual Abandonment of Facilities</b>	<b>Page 1 of 4 Effective Date: 6/20/2012</b>
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## Abandonment or Deactivation of Facilities

### Purpose

The purpose of this procedure is to ensure that all gas mains and inactive gas service lines are properly abandoned or deactivated.

### Scope

This procedure addresses the abandonment or deactivation of residential and commercial services, and gas facilities.

### Abandonment or Deactivation of Facilities

#### Requirement (192.727):

- (a) Each operator shall conduct abandonment or deactivation of pipelines in accordance with the requirements of this section.
- (b) Each pipeline abandoned in place must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.
- (c) Except for service lines, each inactive pipeline that is not being maintained under this part must be disconnected from all sources and supplies of gas; purged of gas; in the case of offshore pipelines, filled with water or inert materials; and sealed at the ends. However, the pipeline need not be purged when the volume of gas is so small that there is no potential hazard.
- (d) Whenever service to a customer is discontinued, one of the following must be complied with:
  - (1) The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the operator.
  - (2) A mechanical device or fitting that will prevent the flow of gas must be installed in the service line or in the meter assembly.
  - (3) The customer's piping must be physically disconnected from the gas supply and the open pipe ends sealed.
- (e) If air is used for purging, the operator shall insure that a combustible mixture is not present after purging.

(f) Each abandoned vault must be filled with a suitable compacted material.

### Abandonment of Service Procedure

Existing service lines, which have been inactive for three (3) months and for which there is a reasonable prospect of future use, must comply with one of the following until the customer is supplied with gas:

- The valve that is closed to prevent the flow of gas to the customer must be provided with a locking device or other means designed to prevent the opening of the valve by persons other than those authorized by the company.
- The customer's piping must be physically disconnected from the gas supply and all open pipe ends sealed.



A review of the status of inactive lines shall be made annually, at periods not exceeding 15 months. Lines that no longer have a reasonable prospect for future use must be abandoned at the main.

Inactive service lines must be maintained to the same standards as an active service line. This includes conducting patrol and leak surveys. An inactive service line found to contain a hazardous leak shall be abandoned immediately. If the leak is not hazardous, the line shall be abandoned within three (3) months or repaired within this time period if the line is constructed of noncorrosive material or is part of a cathodic protection system.

Service lines constructed with a material subject to corrosion, not under cathodic protection, inactive for three (3) months, and with no reasonable prospect of reuse, shall be abandoned as soon as practical, but no later than six (6) months after it has been determined there is no prospect for future use must be abandoned at the main.



If an unrecorded, inactive service line is discovered in the course of a leak survey, or other maintenance or construction activities, the line shall be abandoned as soon as practical, but not more than 10 days after discovery. If the unrecorded service line is leaking, the line shall be abandoned immediately.

### Abandoning a Service at the Main Procedure

- Physically stop and disconnected the service within 24" of the main or gas supply using the appropriate stop techniques
- Abandon tap fitting as appropriate

<b>AmeriGas Office of Pipeline Safety Manual</b>	<b>Operating and Maintenance Manual Abandonment of Facilities</b>	<b>Page 3 of 4</b>  <b>Effective Date:</b> <b>6/20/2012</b>
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- Vent service to the outdoors in safe manner
- Plug or cap open pipe ends sealed.
- If service line is 2.5" or larger, purge abandoned service line with air or inert gas.

#### **Abandonment of Main Procedure**

1. Each piping facility (distribution main pipelines) to be abandoned must be physically disconnected from all sources and supplies of gas. These may include other pipelines or mains, crossover piping, and meter stations.
2. Assure that each facility is purged by testing it with a Combustible Gas Indicator prior to sealing.
3. All accessible valves left in the abandoned segment of pipe shall be closed. If there are few line valves and the segment is long, consideration should be given to cutting and plugging the segment.
4. All openings and ends of piping shall be sealed using one of the following methods:
  - Concrete plug – 3-inch minimum thickness.
  - Fitted wooden plug.
  - Injected sealant, such as foam, which is designed for this purpose.
  - Conventional end closures, such as screwed caps, plugs or blind flanges.
  - Welded cap or end plate.
  - Compression cap.
5. Remove above grade facilities.
  - Abandoned regulator and meter stations and associated aboveground equipment to be abandoned must be removed.
  - All outdoor meter sets the service must excavated at the meter riser, cut and the pipe will remaining underground must be sealed.
6. Close all curb valves and remove the top section of the carb box located in dirt areas. Fill the void with a suitable compactable backfill material or top soil. If the curb box is set in concrete or asphalt, it should be filled in with a suitable compactable material with the top portion filled in with a similar paving material.

<b>AmeriGas Office of Pipeline Safety Manual</b>	<b>Operating and Maintenance Manual Abandonment of Facilities</b>	<b>Page 4 of 4 Effective Date: 6/20/2012</b>
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**Purging of Pipelines**

**Requirement ( 192.629):**


(b) When a pipeline is being purged of gas by use of air, the air must be released into one end of the line in a moderately rapid and continuous flow. If air cannot be supplied in sufficient quantity to prevent the formation of a hazardous mixture of gas and air, a slug of inert gas must be released into the line before the air.

**Procedure**

When a pipeline is to be taken out of service for abandonment the gas must be purged from the line. All gas must be removed from the pipeline prior to welding or performing other maintenance activities requiring a non-explosive atmosphere. The following steps should be taken when removing gas from a pipeline:

- (a) Lower the pressure as much as practical.
- (b) Isolate the segment to be blown down.
- (c) Install vent line or use existing blow-off to vent gas to a safe area.
- (d) Depending on the location of the blow-off and the amount of gas to be vented, it may be necessary to notify local fire and police officials of the planned blow down.
- (e) A line is considered to be purged of gas when sustained reading at the vent point with a combustible gas indicator indicate less than 10% LEL.

Respectfully submitted,

A handwritten signature in cursive script, reading "Deborah T. Eversole". The signature is written in black ink and is positioned above the printed name.

Deborah T. Eversole  
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Counsel for AmeriGas Partners, L.P.  
And AmeriGas Propane, LP