

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 11 2014

Application of Delta Natural Gas )  
Company, Inc. for An Order Declaring )  
That it is Authorized to Construct, Own )  
and Operate a Compressed Natural Gas )  
Station in Berea, Kentucky

Case. 2013-00365 PUBLIC SERVICE  
COMMISSION

---

INTERSTATE GAS SUPPLY INC.'S AND CLEAN ENERGY FUEL CORP.'S  
CERTIFICATE OF SERVICE  
REGARDING DATA REQUEST RESPONSES TO THE COMMISSION STAFF

---

Comes Interstate Gas Supply, Inc. and Clean Energy Fuel Corp., by counsel, and hereby certifies that an original and twelve (12) copies of the attached data request response to the Commission Staff was served via hand-delivery upon Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; furthermore, it was served by mailing a copy by first class U.S. Mail, postage prepaid, on the following, and by electronic mail where available all on this 11<sup>th</sup> day of April 2014.

Hon. Robert M. Watt, III  
Stoll Keenon Ogden  
300 W. Vine Street  
Suite 2100  
Lexington, KY 40507-1801

Hon. Dennis Howard  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601-8204



---

Matthew R. Malone  
William H. May, II.  
Hurt, Crosbie & May PLLC  
The Equus Building  
127 West Main Street  
Lexington, Kentucky 40507  
(859) 254-0000 (office)  
(859) 254-4763 (facsimile)

Counsel for the Petitioner,  
**IGS CNG Services and  
Clean Energy Fuels Corp.**

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 11 2014

PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

THE APPLICATION OF DELTA NATURAL GAS )  
COMPANY INC. FOR AN ORDER DECLARING )  
THAT IT IS AUTHORIZED TO CONSTRUCT, )  
OWN AND OPERATE A COMPRESSED NATURAL )  
GAS STATION IN BERA, KENTUCKY )

CASE NO.  
2013-00365

**RESPONSE OF INTERSTATE GAS SUPPLY, INC. AND CLEAN ENERGY  
CORP. TO THE FIRST SET OF DISCOVERY FROM PUBLIC SERVICE  
COMMISSION**

**FILED: April 11, 2014**

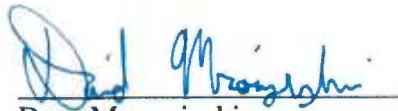
**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of: \_\_\_\_\_ : CASE NO. 2013-00365

APPLICATION OF DELTA NATURAL GAS :  
COMPANY, INC. FOR AN ORDER DECLARING :  
THAT IT IS AUTHORIZED TO CONSTRUCT, :  
OWN AND OPERATE A COMPRESSED :  
NATURAL GAS STATION IN BEREA, KENTUCKY :

**AFFIDAVIT OF DAVE MROWZINSKI**

Comes the undersigned, Dave Mrowzinski, being duly sworn, deposes and states that he is the CNG Program Manager for IGS CNG, that he has personal knowledge of the matters set forth in the foregoing discovery responses, said responses were prepared by him and under his direction and supervision, if inquiries were made as to the facts in said responses he would respond as therein set forth and the answers contained therein are true and correct to the best of his knowledge.

  
\_\_\_\_\_  
Dave Mrowzinski

STATE OF OHIO )  
COUNTY OF Franklin )

Subscribed and sworn to me this 11 day of April, 2014, by Dave Mrowzinski.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 5/1 \_\_\_\_\_

**RONALD L. WATERMAN**  
Attorney At Law  
Notary Public, State of Ohio  
My Commission Has No Expiration  
Section 147.03 R.C.

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )

Case No. 2013-00365

**RESPONSE OF INTERSTATE GAS SUPPLY, INC. AND CLEAN ENERGY CORP. TO  
THE FIRST SET OF DISCOVERY FROM PUBLIC SERVICE COMMISSION**

In response to Public Service Commission (“PSC”) First Set of Discovery to IGS CNG Services (“IGS”) and Clean Energy Fuel Corp. (“Clean Energy”) (collectively “The Parties”) submit the following:

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

Application of Delta Natural Gas Company            )  
Inc. for an Order Declaring that it is Authorized    )  
to Construct, Own and Operate a Compressed        )  
Natural Gas Station in Berea, Kentucky            )

Case No. 2013-00365

Question No. 1 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-1. State the number of Compressed Natural Gas ("CNG") facilities that IGS CNG Services ("IGS") has built, has currently under construction, or is actively planning. How many of these facilities are in Kentucky? List the locations of existing or future IGS CNG facilities in Kentucky.

**RESPONSE:**

*IGS currently has 3 CNG service stations in operation that it has built. It is also currently constructing another station. None of these facilities are located in Kentucky. While IGS does have an interest in building in Kentucky, it was not until recently that it hired a business development representative to cover Western Ohio, KY and IN so we do not have a list of future locations at this time. For a list of IGS' station locations please go to <http://www.igscngservices.com/public-stations/>*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 2 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-2. List the total number of CNG fueling stations that IGS provides fuel to in Kentucky. The response should include the location of each of these CNG fueling stations.

**RESPONSE:**

*IGS does not provide fuel to any CNG stations in Kentucky at this time.*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 3 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-3. State the number of CNG facilities that Clean Energy Fuel Corp. ("Clean Energy") has built, has currently under construction, or is actively planning. How many of these facilities are in Kentucky? The response should include the location of the existing or future facilities.

**RESPONSE:**

*Objection, this question is overly broad and vague in the Clean Energy owns and operates hundreds of CNG stations in the United States in Canada, and it also has numerous CNG projects in various stages in planning. Without waiving these objections in Kentucky, Clean Energy owns and operates a non-public station in Louisville for Waste Management and is currently pursuing additional sites throughout the state. A list of Clean Energy's public stations can be found at:*

*<http://www.cnglngstations.com/>*



**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )

Case No. 2013-00365

Question No. 4 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-4. List the total number of CNG fueling stations that Clean Energy provides fuel to in Kentucky. The response should include the location of each of these CNG fueling stations.

**RESPONSE:**

*See response to discovery response 3.*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 5 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-5. Refer to Movant's Motion to Intervene, page 2, first full paragraph, which states "... Clean Energy is the largest provider of natural gas fuel for transportation in North America, fueling of over 30,000 vehicles each day at approximately 400 plus fueling stations throughout the United States and Canada." List how many are CNG fueling stations and how many are liquefied natural gas ("LNG") fueling stations. How many of each are located in the United States? How many of each are located in Kentucky?

**RESPONSE:**

*The information requested can be found at:*

*<http://www.cnglngstations.com/>*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 6 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-6. Refer to page 7, lines 9-10, of the Direct Testimony of Dave Mrowzinski, ("Mrowzinski Testimony") specifically, the sentence that states, "While, we have seen 38 cents per CCF of natural gas in the past, historically, the NYMEX has traded much higher." Identify the historic period being referenced.

**RESPONSE:**

*In the last 10 years, the yearly average price per CCF during that period is 56 cents per CCF. Please see to below website for more data on average NYMEX pricing*

*<http://www.eia.gov/dnav/ng/hist/rngwhhdA.htm>*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 7 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-7. Refer to page 7, lines 12-13, of the Mrowzinski Testimony, specifically, the sentence that states, "Therefore, I believe a more reasonable estimate for the cost of gas is 50 cents per CCF over the long run, if not higher." Identify the period of time Mr. Mrowzinski considers to be "the long run."

**RESPONSE:**

*Please refer to the answer to question 6.*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 8 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-8. Refer to the paragraph beginning at page 7, line 21 , and ending at page 8, line 7, of the Mrowzinski Testimony.

a. Provide calculations and/or reference documents which support the estimate of "about 20 cents per GGE" for electric compression costs. Explain the reasonableness of this estimate given the national range of four to 12 cents stated in the NGVAmerica slide provided as Exhibit 1 to the testimony.

**RESPONSE:**

*20 cents per GGE electric cost is an appropriate estimate based on a number of factors. The demand charge, per KWH charge, inlet pressure and station usage can all impact the electric cost per GGE. NGVAmerica's costs typically assume high utilization, but based on The Parties' experience they believe that 20 cents per GGE is a more accurate estimation, particularly for a station that is just getting up and running.*

b. Provide calculations and/or reference documents which support the estimate of 49 cents per gas gallon equivalent ("GGE") for state and federal road tax in Kentucky.

**RESPONSE:**

*The Parties do not provide tax advice. Accordingly, any discussion of U.S. tax matters included herein (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) promoting, marketing, or recommending to another party any transaction or matter addressed herein, or (ii) avoiding U.S. tax-related penalties. The Federal CNG tax is currently 18.30 cents and the Kentucky gas tax is 32.30 cents, making the total gas tax 50.60 cents per gallon, assuming that Kentucky taxes a CNG GGE at the same rate that it taxes gasoline  
<http://www.eia.gov/petroleum/marketing/monthly/pdf/enote.pdf>*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 8(c) of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

c. The NGVAmerica slide provided in Exhibit 1 shows a range of 20 to 50 cents per GGE for compressor maintenance. Provide any other calculations and/or reference documents which support the estimate of 30 cents per GGE for compressor maintenance, and explain whether this estimate is consistently applicable regardless of the GGE volumes.

**RESPONSE:**

*Compressor maintenance costs are broken down into fixed and variable costs. Fixed costs include things like scheduled site visits, while variable costs include things like oil cost and wear and tear on the equipment. Typically, variable costs are a higher factor in the total maintenance costs. Increased usage will typically decrease the overall per GGE costs. However, because usage is constantly changing and maintenance costs are in-part based on the amount of station usage, there are no set maintenance costs per station. Estimates can only be made. Therefore there are no additional documents The Parties used to make these estimates*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 9 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-9. Refer to the first full sentence on page 14 of the Mrowzinski Testimony, which begins, "Further, in states that have allowed the NGDCs to recover costs through the rate base ..."

a. Identify all of the states that have allowed natural gas distribution companies ("NGDCs") to recover station costs through their rate base.

**RESPONSE:**

*Objection, this question is overly broad and overly burdensome, in that to answer this question, The Parties would have to know the operations of every utility in every state, which amounts to hundreds, if not thousands, of utilities. Without waiving this objection, The parties are only aware of Utah that allows widespread recovery of CNG station costs through the utility rate base. The Parties are also aware that some utilities in California and Georgia are able to recover the cost of CNG compression equipment in the rate base, but other station costs are not recovered through the rate base, and the utility does not own the CNG station in these states. The Parties are not aware of any other state that has widespread recovery of CNG station costs through the rate base. The Parties are also aware of some utilities holding companies that own and operate CNG stations, including DTE Gas in Michigan, but the cost of ownership of those stations are borne by utility shareholders, and not ratepayers.*

b. For each state identified in the response to part a. of this request, provide the number of CNG stations owned by NGDCs and the number of CNG stations owned by other private entities.

**RESPONSE:**

*See response to question 9(a).*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 10 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-10. Refer to the sentence on page 14, lines 5-6, of the Mrowzinski Testimony, which states "...a vast majority of states do not allow the NGDC to recover CNG station costs through the NGDC rate base."

- a. Provide the number of states that do not allow CNG station costs to be recovered by the NGDC through NGDC's rate base.

**RESPONSE:**

*Objection, this question is overly broad and overly burdensome, in that to answer this question, The Parties would have to know the operations of every utility in every state, which amounts to hundreds, if not thousands, of utilities. Without waiving this objection, see response to question 9(a).*

- b. Identify the states that have expressly denied a NGDC's request to recover CNG station costs through rate base or have enacted legislation prohibiting such recovery.

**RESPONSE:**

*Objection, this question is overly broad and overly burdensome, in that to answer this question, The Parties would have to know the operations of every utility in every state, which amounts to hundreds, if not thousands, of utilities. Further, because recovery of costs through rate base is likely to require an affirmative grant of authority, a state may not allow CNG recovery through a rate base even if there is not a statute, regulation or court order that affirmatively states this.*



**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )

Case No. 2013-00365

Question No. 11 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-11. Refer to page 15, lines 9-10, of the Mrowzinski Testimony. Describe the different tax credits that are available for CNG and natural gas vehicles in Utah.

**RESPONSE:**

*For converted vehicles, taxpayers may claim a nonrefundable tax credit of 50% percent of the cost of equipment for conversion minus any grant received, up to \$2,500 per vehicle registered in Utah. For new compressed natural gas vehicles, a taxpayer may claim a nonrefundable tax credit of 35% percent of the incremental cost of a new vehicle minus any grant received, up to \$2,500 per vehicle registered in Utah.*  
*<http://www.cleanfuels.utah.gov/taxcredits/taxcreditsintro.htm>*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 12 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-12. Refer to page 7, lines 14-23, of the Direct Testimony of John B. Brown, ("Brown Testimony") and to Brown Exhibit III, which describe a study by the Science Application International Corporation prepared for the American Gas Foundation in September 2012, titled "Natural Gas as a Transportation Fuel- Models for Developing Fueling Infrastructure," which addresses three models of CNG vendors: Commercial models, Non Rate-based models, and Rate-based models. According to Mr. Brown, Delta believes that the Rate-based Model is the appropriate model for Delta's proposed fueling station. Do Movants agree with Delta's position? Explain.

**RESPONSE:**

*The Parties do not agree with Delta's position for the reasons stated in Mr. Mrowzinski's testimony on page 12 starting at line 3.*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 13 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-13. Refer to Exhibit 1 of the Direct Testimony of Matthew D. Wesolosky, ("Wesolosky Testimony") which shows the estimated CNG project cost for Delta's proposal. Do IGS and Clean Energy agree with these estimated costs? Explain whether each listed item would reasonably be required for the proposed project and whether each listed item is reasonably priced.

**RESPONSE:**

*The Parties can only comment on the equipment costs provided, which appear reasonable; however, the cost of site prep and installation can vary widely depending on location, and without knowing more about the station, The Parties cannot make the assessment of whether these costs are reasonable. Also, Delta does not include any pipeline extension costs in its estimates, which can be costly, depending on the station location.*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )     Case No. 2013-00365

Question No. 14 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-14. Refer to page 12, lines 7-9 of the Mrowzinski Testimony, which state "approval of Delta's CNG station application will hinder the development of CNG infrastructure over the long run, and should be rejected for this reason as well." Describe the existing and historical development of private, self-supporting CNG infrastructure in Kentucky, built and operated without ratepayer subsidization.

**RESPONSE:**

*The Parties object to this request as it is overly broad. Without waiving their objection, The Parties have found the following CNG stations in and around Kentucky: City of Summerset, Freedom Waste Service in Princeton, Clean N' Green Fuel in Louisville, and a station is located in Evansville Indiana, right on the boarder of Kentucky. Private development of CNG stations has increased rapidly in recent years and The Parties expect this to continue.*

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

The Application of Delta Natural Gas Company     )  
Inc. for an Order Declaring that it is Authorized     )  
to Construct, Own and Operate a Compressed     )  
Natural Gas Station in Berea, Kentucky     )

Case No. 2013-00365

Question No. 15 of PSC Data Requests to IGS/Clean Energy

Responding Witness: Dave Mrowzinski

Q-15. Describe the history and current status of commercial CNG fueling stations in Kentucky, and state how previous approval of a rate-based CNG project such as that proposed by Delta would have altered this development

**RESPONSE:**

*The Parties object to this request as it is overly broad and speculative. Without waiving this objection, see response to question 14.*