

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE GAS COSTS OF	)	
B&H GAS COMPANY PURSUANT TO KRS	)	CASE NO.
278.2207 AND THE WHOLESALE GAS PRICE IT	)	2015-00367
IS CHARGED BY ITS AFFILIATE, B&S OIL AND	)	
GAS COMPANY, PURSUANT TO KRS 278.274	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO  
B&H GAS COMPANY AND B&S OIL AND GAS COMPANY

B&H Gas Company ("B&H") and B&S Oil and Gas Company ("B&S") (collectively, "Companies"), pursuant to 807 KAR 5:001, are to file with the Commission an original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before May 12, 2016. 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.

The Companies shall make timely amendment to any prior response if they obtain 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 the Companies fail or refuse to furnish all or part of the requested information, the Companies shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall 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. When filing a paper containing personal information, the Companies shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the response to Commission Staff's First Request for Information, Item 3, which, in support of the statement, "The \$9.38 Mcf contract price is reflective of market price," refers to (1) the higher BTU content of the gas provided B&H's customers, (2) that the gas is being delivered at a higher pressure than is typical for gas companies, and (3) that B&S is the only supplier that can provide gas at each delivery point necessary to service B&H customers.

a. Explain how the pressure at which gas is delivered affects price and how that causes the \$9.38 per Mcf contract price to be "reflective of market price."

b. Explain how B&S's being the only supplier that can provide gas at each delivery point necessary to service B&H customers causes the \$9.38 per Mcf price contract price to be "reflective of market price."

2. Refer to the response to the Initial Request for Information of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate

Intervention, (“AG’s First Request”), Item 26, in which the last sentence reads, “Respondent cannot recall the specific amount of the loan/grant, but believes it to be between \$300,000.00–\$400,000.00, and has no information about any outstanding amounts.” Confirm whether the loan to which the response refers is the “Other Long-Term Debt” which has been included in B&H’s annual reports filed with the Commission since 1995 and for which the balance has been shown as \$405,761 since 2004.

3. Refer to the response to the AG’s First Request, Item 32.c., which repeats an earlier response provided to Staff’s First Request, Item 2, in stating that “B&H has the lowest rates in the area.”

a. Define “the area” as used in the aforementioned response.

b. Identify the Kentucky jurisdictional local gas distribution companies whose rates B&H compared to its rates in reaching the conclusion that it has the lowest rates in the area.

4. Refer to the response to the AG’s First Request, Item 34.a., and Exhibit D to the response, which contains seven pages numbered 4–10 that appear to be pages from a document prepared for B&H by Southern Hydrocarbon Corporation (“SHC”).

a. Provide the first three pages of the SHC document.

b. Pages 4–5 and 7–10 appear to reflect the results of tests of specific wells taken on April 4, 2016, or April 11, 2016. Explain what is represented by the information shown on page 6 from the four samples apparently taken on April 2, 2016.

c. Pages 4–5, which identify the well/sites to be Betsy Layne Shop and Mare Creek Shop, respectively, have “Blend” written on the line on which the well/site is identified. Pages 7–10 contain the same type of information as pages 4–5

for the well/sites Booker, Mare Creek, Betsy Layne, and Ivel, but do not have "Blend" written on them. Explain what "Blend" represents and why it is on only some of the pages.



Aaron D. Greenwell  
Acting Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED APR 29 2016

cc: Parties of Record

\*B & H Gas Company  
P. O. Box 447  
Betsy Layne, KY 41605

\*B & H Gas Company  
B & H Gas Company  
P. O. Box 447  
Betsy Layne, KY 41605

\*B & S Oil and Gas Company  
P.O. Box 155  
Harold, KENTUCKY 41635

\*Joe F Childers  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507

\*Larry Cook  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KENTUCKY 40601-8204

\*Rebecca W Goodman  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KENTUCKY 40601-8204