

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF B & H GAS	)	CASE NO.
COMPANY, INC. FOR AN ALTERNATIVE	)	2020-00364
RATE ADJUSTMENT	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO B & H GAS COMPANY, INC.

B & H Gas Company, Inc. (B & H), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on January 15, 2021. Pursuant to the Commission's Orders in Case No. 2020-00085,<sup>1</sup> issued March 16, 2020, and March 24, 2020, B & H SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness 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

---

<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

B & H shall make timely amendment to any prior response if B & H obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which B & H fails or refuses to furnish all or part of the requested information, B & H shall provide a written explanation of the specific grounds for its 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, B & H 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 Application, ARF Form 1 – Attachment SAO-G, the Schedule of Adjusted Operations, page 2.

a. Explain why meter testing, meter reading, and workers compensation and unemployment insurance are not recorded as expenses on B & H's books, even if they are paid by an affiliate. Provide supporting documentation and calculations for the amounts paid during the test year.

b. Provide supporting documentation and calculations for the estimated increase in the follow expenses:

- (1) Mapping;
- (2) Uncollectible Accounts;
- (3) Postage;
- (4) Rent/Truck Leases;
- (5) Training; and
- (6) Security/equipment update and replacement.

2. Refer to the Application, ARF Form 1 – Attachment BA-DB, the Revenue from Test Period Rates Test Period 01-01-2019 to 12-31-2019.

a. Confirm that 1,580 is the number of bills with 0, 1, or 2 Mcf usage, and that 1,025 is the total Mcf that was sold to customers whose monthly usage for a given month was only 0, 1, or 2 Mcf. If not, provide the number of 2019 bills that reflected only 0, 1, or 2 Mcf usage and the associated total usage for those bills.

b. Confirm that 909 is the number of bills with 3 to 10 Mcf usage, and that 5,662 is the total Mcf that was sold to customers whose monthly usage for a given month was 3 to 10 Mcf. If not, provide the number of 2019 bills that reflected only 3 to 10 Mcf usage and the associated total usage for those bills.

c. Confirm that 408 is the number of bills with 11 to 30 Mcf usage, and that 6,086 is the total Mcf that was sold to customers whose monthly usage for a given month was 11 to 30 Mcf. If not, provide the number of 2019 bills that reflected only 11 to 30 Mcf usage and the associated total usage for those bills.

d. Confirm that 42 is the number of bills with over 30 Mcf usage, and that 2,709 is the total Mcf that was sold to customers whose monthly usage for a given

month was over 30 Mcf. If not, provide the number of 2019 bills that reflected over 30 Mcf usage and the associated total usage for those bills.

3. Refer to the Application, ARF Form 1 – Attachment BA-DB, the Revenue from Proposed Rates Based on Test Period Usage.

a. Confirm that 1,276 is the number of bills with 3 to 20 Mcf usage, and that 10,765 is the total Mcf that was sold to customers whose monthly usage for a given month was 3 to 20 Mcf. If not, provide the number of 2019 bills that reflected only 3 to 20 Mcf usage and the associated total usage for those bills.

b. Confirm that 83 is the number of bills with over 20 Mcf usage, and that 3,692 is the total Mcf that was sold to customers whose monthly usage for a given month was over 20 Mcf. If not, provide the number of 2019 bills that reflected over 20 Mcf usage and the associated total usage for those bills.

4. B & H's Application indicates in its ARF-Form 1 that, as of the date of filing, it had 261 customers. Its Billing Analysis implies that it has 245 customers (2,939 bills divided by 12), and its 2019 Annual Report states that it had 250 customers. Explain this discrepancy in B & H's customer counts.

5. Refer to B & H's proposed rates.

a. State whether B & H is aware that no other Kentucky Local Distribution Company has a rate design with a minimum charge for 2 Mcf in the first rate block.

b. Confirm that B & H's affiliate, Johnson County Gas Company, has a rate design consisting of a customer charge and a flat charge for all Mcf consumed.

c. Explain why B & H is proposing the rate design contained in its Application, consisting of a customer charge, a charge for 2 Mcf in the first rate block, a charge for 3 to 18 Mcf in the next rate block, and a charge for over 20 Mcf in the last rate block.

6. For each fee and nonrecurring charge listed, provide the number of times the charge was made in 2017, 2018, and 2019, and the amount of total revenue collected by each charge:

- a. Late payment penalty;
- b. Meter painting charge;
- c. Service line relocate;
- d. Reconnection charge;
- e. Seasonal reconnection charge;
- f. Turn-on charge;
- g. Delinquent bill collection;
- h. Returned check fee;
- i. Meter testing fee;
- j. Meter reread charge; and
- k. Meter relocation charge.

7. Confirm that B & H only bills approved fees and nonrecurring charges in the amounts set out in its tariff. If this cannot be confirmed, provide an explanation of the fees or charges; the number of times assessed in 2017, 2018, and 2019; and the associated revenue for each fee or charge.

8. Confirm that B & H is proposing no addition, change, or increase in dollar amount to any of its fees or nonrecurring charges.

9. Assuming that B & H charged its customers for some or all of the activities associated with its current fees and nonrecurring charges, explain why the associated revenue is not reflected in its ARF Forms.

10. Refer to B & H's Customer Notice. Provide the calculations for the average bills at present and proposed rates contained in the Customer Notice (\$29.06 and \$87.58, respectively).

11. Provide proposed tariff changes to address the following issues that have been identified with respect to B & H's tariff:

a. The current tariff does not contain all of the information required by 807 KAR 5:006, Section 8(8), regarding deposits;

b. The current tariff does not contain the monitoring procedures required by 807 KAR 5:006, Section 11(3)(a);

c. The current tariff contains a reference to 807 KAR 5:022, Section 13(8), that is no longer correct, which should be corrected to the current citation;

d. 807 KAR 5:006, Section 14(2)(a), requires the provisions of the budget payment plan to be in the tariff, and not just a reference to the plan; and

e. The bill format required by 807 KAR 5:006, Section 7(3) is not in the tariff.

12. Provide B & H's general ledger for the test period.

13. Provide B & H's adjusted trial balance showing unaudited account balances, audit adjustments, and audited balances for the calendar year ended December 31, 2019.

14. Provide any audit adjustments with explanations for the calendar year ending December 31, 2019.

15. Provide the totals for each category of service for each of B & H's monthly billing registers for the test period.

16. Provide a list of employees that shows each person's job title; each person's job description; each person's pay rate on December 31, 2017, December 31, 2018, and December 31, 2019; and whether the employee is currently employed.

17. Provide a list of hours that were worked during the test year, including overtime, vacation pay, sick pay, and any other pay, separately stated by each employee's job title.

18. List and describe all employee benefits, other than salaries and wages, paid to, or on behalf of, each employee for each of the previous five years.

19. Provide a schedule of notes and bonds payable at December 31, 2018, December 31, 2019, and current period.

20. Provide copies of all debt agreements/bond ordinances and amortization schedules. Include related party debt.

21. Provide a copy of any insurance policies for 2018 and 2019 and current period.

22. Provide a copy of B & H's current organizational chart, showing the relationship between B & H and any affiliated companies, divisions, etc. Include the relative positions of all entities and affiliates with which B & H routinely has business transactions and provide a detailed description of the relationships between the affiliates.

23. Provide all joint or shared affiliate costs incurred during the calendar year 2019 and the first six months of calendar year 2020 that are allocated to B & H and to the other affiliates. For each cost, list the vendor, total expense amount, amounts per affiliate, and the basis for allocation.

24. Describe the procedures that are used to allocate joint and shared costs among the various affiliates for the calendar years 2018 and 2019.

25. Provide all internal memoranda, policy statements, correspondence, and documents related to the allocation of joint and shared costs.

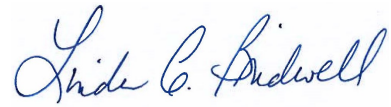
26. Identify the service agreement with each affiliate, state whether the service agreement has been previously filed with the Commission, and, if so, identify the proceeding in which it was filed. Provide each service agreement that has not been previously filed with the Commission.

27. Refer to KRS 278.010(18), which defines an affiliate as a person that controls or that is controlled by, or is under common control with, a utility. Refer also to KRS 278.010(19), which defines control as the power to direct the management or policies of a person through ownership, by contract, or otherwise.

a. Confirm that transactions for services made between B & H and affiliates are not arms-length transactions. Explain in full detail if not confirmed.

b. Explain whether B & H is aware that the Commission closely scrutinizes transactions that are less than arms-length in order to ensure that unreasonable costs are not passed on to the ratepayers.





---

Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED DEC 28 2020

cc: Parties of Record

Case No. 2020-00364

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

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

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