

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF HAY	)	
EXPLORATION, INC. FOR INITIAL RULES,	)	CASE NO.
REGULATIONS, AND RATES FOR FURNISHING	)	2023-00152
GAS SERVICE PURSUANT TO KRS 278.485	)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION  
TO HAY EXPLORATION, INC.

Hay Exploration, Inc. (Hay Exploration), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 14, 2023. The Commission directs Hay Exploration to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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 that the

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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

Hay Exploration shall make timely amendment to any prior response if Hay Exploration obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Hay Exploration fails or refuses to furnish all or part of the requested information, Hay Exploration shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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, Hay Exploration 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 Hay Exploration's response to Commission Staff's First Request for Information (Staff's First Request), Item 1.

- a. Provide an expanded response to the previous request of Staff's First Request, Item 1, by providing the justification for the proposed Monthly Minimum Customer Charge of \$30. The response should include a numeric breakdown and documentation supporting each expense associated with the proposed Monthly Minimum

Customer Charge of \$30. If Hay Exploration cannot provide, explain why it is not able to respond to the request.

b. Confirm that maintenance and administrative costs are included in the proposed volumetric rate. If so, explain why a separate customer charge would not recover these costs through both rates.

2. Refer to Hay Exploration's response to Staff's First Request, Item 2(a). Provide an expanded response to the previous request of Staff's First Request, Item 2(a), by providing detailed cost support for each charge included in Item 2(a) of Staff's First Request and a detailed explanation for each charge and whether the labor associated with these services is already included in Hay Exploration's calculation of its monthly customer charge and commodity rate. If Hay Exploration cannot provide, explain why it is not able to respond to the request.

3. Refer to Hay Exploration's response to Staff's First Request, Item 4. Provide documentation supporting the response that "the average travel round trip is approximately 1.5 hours".

4. Refer to Hay Exploration's response to Staff's First Request, Item 7. In regards to the statement "If a particular customers' usage far exceeds the average, that is indicative that the gas may be used for something other than the household usage contemplated by the agreement".

a. Provide the agreement referenced in the response.

b. Explain in detail what Hay Exploration means by "usage contemplated by the agreement" and how Hay Exploration will calculate and determine if a customers exceed the average usage.

5. Refer to Hay Exploration's response to Staff's First Request, Item 9(b). Provide an expanded response to the previous request of Staff's First Request, Item 9(b); by stating whether Hay Exploration will bill the customer based on estimated usage before testing a meter it considers to be defective to ensure it is defective.

6. Refer to Hay Exploration's response to Staff's First Request, Item 10. Explain what would constitute a legitimate need and what types of changes could be made that would be desirable to both parties. Please give examples of possible situations that would constitute a legitimate need as used in the response.

7. Refer to Hay Exploration's response to Staff's First Request, Items 13 and 14(c), Exhibit 2. Explain the difference between the estimated Mcf usage of 16,720 for the total system and the Mcf usage shown in Exhibit 2.

8. Refer to Hay Exploration's response to Staff's First Request, Item 14(c), Exhibits 1 and 2.

a. Explain the difference between the \$6.95 Mcf rate shown in Exhibit 1 and the \$6.81 and \$8.35 per Mcf rates shown in Exhibit 2.

b. Explain what "Cost covered by Hay for Lease benefit" means.

9. Refer to Hay Exploration's response to Staff's First Request, Items 14(c), Exhibit 2 and 24. Explain what "Non-Farm Tap Customer" means.

10. Refer to Hay Exploration's response to Staff's First Request, Item 15(a). Provide an expanded response to the previous request of Staff's First Request, Item 15(a); by providing the year or time period that the rate support calculation sheet is based on. If Hay Exploration cannot provide, explain why it is not able to respond to the request.

11. Refer to Hay Exploration's response to Staff's First Request, Item 15(b) and Item 19(c), which provide conflicting information regarding whether expenses related to service provided to farm tap customers with free gas service will be recovered in proposed rates and whether farm tap customers who receive free gas service are included in the customer total used to calculate the proposed rates. Reconcile the conflicting statements.

12. Refer to Hay Exploration's response to Staff's First Request, Item 19(b).

a. Of the 110 customers Hay Exploration indicates it anticipates supplying gas, provide the breakdown between residential, commercial, and public entities.

b. Define "public entities" as referenced in the response.

c. State what efforts Hay Exploration has undertaken to assure that commercial and public entity customers are aware of the fact that farm tap gas is not a guaranteed source of gas supply.

13. Refer to Hay Exploration's response to Staff's First Request, Item 19(c). Confirm that Hay Exploration incorrectly restated the customer total as 100 when Staff's First Request, Item 19(c) stated "110" total customers.

14. Refer to Hay Exploration's response to Staff's First Request, Item 19(c), in regards to the free gas customers.

a. Provide documentation supporting the response that "Almost all customers exceed the 200 Mcf," and explain why the response to Item 23 states that free gas customers average 152 Mcf usage per year.

b. Explain if the free gas customers will be charged the Monthly Minimum Customer Charge of \$30. If there are instances where the free gas customers

would be charged the Monthly Minimum Customer Charge of \$30 explain the instance in detail.

c. Explain if those customers that receive free gas will be charged the Monthly Minimum Customer Charge of \$30 if their respective annual usage is between 0 and 199 Mcf.

d. Explain if Hay Exploration has been requiring compensation from these free gas customers once their annual usage exceeds 200 Mcf.

15. Refer to Hay Exploration's response to Staff's First Request, Item 20(a). Provide an expanded response to the previous request of Staff's First Request, Item 20(a); by providing documented evidence that supports the estimated annual per customer usage of 152 Mcf. If Hay Exploration cannot provide, explain why it is not able to respond to the request. .

16. Refer to Hay Exploration's response to Staff's First Request, Item 20(c). Explain in detail why Hay Exploration believes that incidents of unauthorized connection or usage for purposes other than household needs may decline once customers are required to pay for gas.

17. Refer to Hay Exploration's response to Staff's First Request, Item 23. Provide all meter readings for the 78 free gas customers for the year of 2021 and 2022.

18. Refer to Hay Exploration's response to Staff's First Request, Item 23. Provide an expanded response to the previous request of Staff's First Request, Item 23; by providing the number of free service customers that are the result of lease or right-of-way agreements, the average annual usage for these customers, and the lease or right-

of way agreements as originally requested. If Hay Exploration cannot provide, explain why it is not able to respond to the request.

19. Refer to Hay Exploration's response to Staff's First Request, Item 25.

a. Explain how Hay Exploration employees discovered extensions on farm tap lines have taken place if no supporting documentation exists that indicate such instances have occurred.

b. Explain if Hay Exploration disconnected or worked to resolve the past instances in which existing farm taps have been extended or divided to provide service to more than one customer per farm tap.. If not, then explain in detail why not.

20. Refer to Hay Exploration's response to Staff's First Request, Item 26. Explain if in the past Hay Exploration disconnected any customers that are not served pursuant to KRS 278.485 upon discovery by Hay Exploration employees. If not, then explain in detail why not.

21. Refer to Hay Exploration's response to Staff's First Request, Item 27.

a. Explain how Hay Exploration knows where its lines and wells are located without a map.

b. Explain when such a map as referenced in the response will be compiled and submitted into the case record.

22. Refer to Hay Exploration's response to Staff's First Request, Item 28. Explain if Hay Exploration bought any of its wells and gathering lines. If so, provide a list of who the wells and lines were purchased from and when the facilities were procured by Hay Exploration.

23. Refer to Hay Exploration's response to Staff's First Request, Item 29. Provide an expanded response to the previous request of Staff's First Request, Item 29; by explaining in written detail the operator qualifications held by Hay Exploration employees, and the maintenance plans Hay Exploration has in place to maintain the safety and integrity of its gathering lines and wells. If Hay Exploration cannot provide, explain why it is not able to respond to the request.

24. Refer to Hay Exploration's response to Staff's First Request, Item 29.

a. Explain in detail the operations typical of an oil and gas operator as referenced in the response.

b. Explain how often Hay Exploration employees walk lines, and check wells.

25. Refer to Hay Exploration's response to Staff's First Request, Item 30. Explain why the amount of customers would impact Hay Exploration's decision not to implement specific rate classes.

26. Refer to Hay Exploration's response to Staff's First Request, Item 31. Explain when Hay Exploration plans to provide notification to its potential rate paying customers. If Hay Exploration has already done so, then provide the notice.

27. Refer to Hay Exploration's response to Staff's First Request, Item 32.

a. Explain how many meters on Hay Exploration's gathering lines and wells are owned by Hay Exploration.

b. Explain whether there are any meters on Hay Exploration's gathering lines and wells that are not owned by Hay Exploration. If so, provide the amount.

28. Refer to Hay Exploration's response to Staff's First Request, Item 34.



a. State how many individuals are employed by Hay Exploration that can respond in the event of an emergency. Please identify the employees individually.

b. Explain in detail what certifications and trainings each individual listed in the response to the question above, has that makes them capable of responding adequately to an emergency event. The response should include the title for each certification and training held by each individual and which certified entity provided the certification or training.

29. Refer to Hay Exploration's response to Staff's First Request, Item 36(c). Provide documented proof of Hay Exploration's ownership of the gathering lines and 263 wells used to provide natural gas to those individuals who qualify for service under KRS 278.485.

30. Refer to Hay Exploration's response to Staff's First Request, Exhibit 1, which contains support for a Meter Relocation Fee.

a. Explain whether Hay Exploration is proposing to include a set fee for meter relocation.

b. If so, explain why the proposed meter relocation fee is not included in the proposed tariff sheets.

c. Provide the set amount and explain whether the labor associated with the charge is already included in Hay Exploration's calculation of its monthly customer charge and commodity rate.

31. Refer to Hay Exploration's response to Staff's First Request, Exhibit 1. For each line in the Exhibit, provide a detailed explanation of why each expense was added and the numeric cost justification for each expense.

32. Refer to Hay Exploration's response to Staff's First Request, Exhibit 1, in regards to the Well Operator Cost.

a. Explain why it takes 24 hours per month for meter reading.

33. Refer to Hay Exploration's response to Staff's First Request, Exhibit 1, in regards to the total rate calculation on the second page.

a. Confirm that the \$3.03 NYMEX Strip rate is a rate per MMBtu, and that it should be adjusted for the 1050 Btu content of the gas referenced in the response to Item 16.b. in order to arrive at a rate per Mcf.

b. Confirm that Exhibit 5 indicates that the difference between the NYMEX price at the Henry Hub and the Columbia Gas Transmission (TCO) Appalachian hub, which is the Appalachian differential per MMBtu, is (\$0.911).

34. Refer to Hay Exploration's response to Staff's First Request, Exhibit 2. For each line in the Exhibit, provide an explanation of why each expense was added and the numeric cost justification for the expense.

35. Refer to Hay Exploration's response to Staff's First Request, Exhibit 2.

a. Explain the difference between Non-Farm Tap Customer and Farm Tap Customer.

b. Explain if the Non-Farm Tap Customers are being served gas outside of KRS 278.485.

36. Refer to Hay Exploration's response to Staff's First Request, Exhibit 2, in regards to the customer type calculations.

a. Explain in detail how the \$6.81 price/Mcf rate was determined and why it was used in the Cost and Revenue Calculation sheet.

b. Explain in detail how the \$8.35 price/Mcf rate was determined.

37. Refer to Hay Exploration's response to Staff's First Request, Exhibit 3, page 1. Explain the need for requesting the spouse's name on the application for gas service.

38. Refer to Hay Exploration's response to Staff's First Request, Exhibit 3, page 2, in regards to the first line located at the top of the document. Provide the Terms and Conditions of Service which are stated as being attached to the application.

39. Refer to the proposed tariff, Section II. Terms of Service, subsection w. Health And Safety Services Rendered By Company, subdivision 4.

a. Explain what types of meter and meter reading investigations this subsection is referring to and explain why Hay Exploration will not charge customers for such investigations.

b. Also, refer to the proposed tariff, Section I. Rates and Charges, subsection c. Other Charges. Explain how a situation for the Special Meter Reading Charge of \$39.50 for reread differs from the meter and meter reading investigation situation that Hay Exploration provides to its customers free of charge.

40. Explain whether Hay Exploration operates any "regulated onshore gathering lines" as defined in 49 CFR § 192.8(c). If so,

a. Identify the location of each regulated onshore gathering line.

b. Identify the Type of each regulated onshore gathering line under 49 CFR § 192.8(c).

c. Identify the features and Class location of each regulated onshore gathering line that qualify the line as regulated.



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

DATED     JUN 28 2023    

cc: Parties of Record

Case No. 2023-00152

\*Angela Horger  
Frost, Brown, Todd, LLC  
250 West Main Street  
Suite 2800  
Lexington, KENTUCKY 40507

\*Hay Exploration, Inc.  
1544 Winchester Avenue, Suite 1108  
Ashland, KY 41101

\*J. Fetters  
Frost, Brown, Todd, LLC  
250 West Main Street  
Suite 2800  
Lexington, KENTUCKY 40507

\*Medrith L Norman  
Frost, Brown, Todd, LLC  
250 West Main Street  
Suite 2800  
Lexington, KENTUCKY 40507