

September 18, 2018

Public Service Commission  
Attn: Gwen R. Pinson, Executive Director  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

RECEIVED  
SEP 18 2018  
PUBLIC SERVICE  
COMMISSION

RE: Jetta Operating Appalachia, LLC  
Response of Jetta Operating Appalachia, LLC to  
Staff's Second Request for Information

Dear Ms. Pinson:

Please find enclosed one original and seven copies of Jetta Operating Appalachia, LLC's Response to Staff's Second Request for Information plus one additional copy that we would request be returned to our office in the enclosed self-addressed stamped envelope.

Should there be any questions or additional information needed, please do not hesitate to contact me.

Very truly yours,



Karen Greenwell

KJG/mm  
Encls.  
61760728.2

RECEIVED

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

SEP 18 2018  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

Case No. 2018-00212

APPLICATION OF JETTA OPERATING  
APPALACHIA, LLC FOR INITIAL RULES,  
REGULATIONS, AND RATES FOR  
FURNISHING GAS SERVICE PURSUANT  
TO KRS 278.485

**RESPONSE OF JETTA OPERATING APPALACHIA, LLC  
TO STAFF'S SECOND REQUEST FOR INFORMATION**

Jetta Operating Appalachia, LLC ("Jetta"), responds as follows to the Staff's Second Request for Information:

1. Refer to Jetta's response to Commission Staff's First Request for Information (Staff's First Request), Item 7.

- a. Identify the wholesale customer(s) that Jetta sells natural gas to in the intrastate market.
- b. Provide a map containing the locations of the wholesale and farm tap customers.

RESPONSE: a. The schedule attached at **Tab 1** identifies the entities to which Jetta sells its gas produced in Kentucky.

b. Jetta provided the requested information with regard to its Polls Creek, Coon Creek, Bull Creek fields in its response to the Staff's first request for information. Those maps, and the requested maps with regard to Jetta's other fields are attached at **Tab 2**.

2. Refer to Jetta's response to Staff's First Request, Item 11.

a. Provide copies of the tariffs that Jetta asserts were in existence when Jetta first acquired assets in Kentucky.

b. Provide evidence to support Jetta's assertion that a prior customer paid \$8.00 per Mcf.

RESPONSE: Jetta does not have a copy of the requested tariff. However, the assets were previously owned by Equitable Production Company. Equitable Production Company currently has a tariff for farm taps provided pursuant KRS 278.485 (generally "Statutory Farm Taps") dated 2005 which provides for a charge of \$8.534 per Mcf. A copy of that tariff is attached at **Tab 3**.

3. Confirm that Jetta violated KRS 278.485(1) by charging customers for natural gas service even though the Commission had not approved its rates and charges.

RESPONSE: Jetta has acknowledged that it did not have a tariff in its own name as it continued providing gas pursuant to the Statutory Farm Taps that it inherited with its acquisition of various assets. Nor did it have a tariff in its own name as it provided access to natural gas to new applicants for gas pursuant to Statutory Farm Taps. Notwithstanding that it did not have a tariff in its own name, Jetta followed the requirements of KRS 278.485 and 807 KAR 5:026 in giving notice to the Commission and having the new installations inspected by representatives of the Commission, none of whom indicated that Jetta was not in compliance.

4. Refer to Jetta's proposed tariff, Section 3(a)(1), and to the response to Staff's First Request, Item 14. The proposed tariff sets forth a deposit amount equal to an estimated three months of gas usage. 807 KAR 5:006, Section 8(1)(d)1.c. states "Deposit

amounts shall not exceed two-twelfths (2/12) of the customer's actual or estimated annual bill if bills are rendered monthly, three-twelfths (3/12) if bills are rendered bimonthly, or four-twelfths (4/12) if bills are rendered quarterly." In Jetta's response to Item 14, Jetta states it will bill customers monthly or bimonthly. In order to determine the appropriate deposit amount, the Commission must know how often Jetta will bill its customers. State whether customer bills will be rendered monthly or bimonthly.

RESPONSE: By its terms, 807 KAR 5:006, Section 8(1) is applicable to a "utility." As a provider of natural gas pursuant to Statutory Farm Taps installed pursuant to KRS 287.485, Jetta is not a "utility." Jetta does not voluntarily provide gas to any consumer or to the "public" so as to be a "utility" as defined in KRS 278.010(2). Rather, Jetta provides gas to consumers only as, and to the extent, it is required to do so by KRS 278.485 and its implementing regulations in 807 KAR 5:026. Although 807 KAR 5:026 requires that customer specific charges "such as those listed in 807 KAR 5:006, Section 8" be stated in a Statutory Farm Tap tariff, 807 KAR 5:026 does not appear to impose the specific requirements of 807 KAR 5:026 on the provider of a Statutory Farm Tap. 807 KAR 5:026 does not address the amount of deposit that may be required of a recipient of gas pursuant to a Statutory Farm Tap. Indeed, the Statutory Farm Tariff attached at Tab 3 provides for a deposit of 3 months average billings.

Nevertheless, Jetta intends to bill those who receive gas pursuant to its Statutory Farm Taps monthly. Jetta is agnostic as to whether the amount of the deposit permitted by its tariff is 2/12 or 3/12, and it will abide by the terms of the tariff approved by the Commission.

5. Provide the average residential class's total natural gas usage over a 12-




month period.

RESPONSE: Jetta only has 12 months of data for 6 Statutory Farm Tap gas recipients. Using only those 6 recipients, for the 12 months of 2017, the 12 month average usage was 3 Mcf/month. Using that average monthly usage times 12 months, the cost to the Statutory Farm Tap gas recipients would be \$11.20 per Mcf. See Tab 4.

# CERTIFICATION

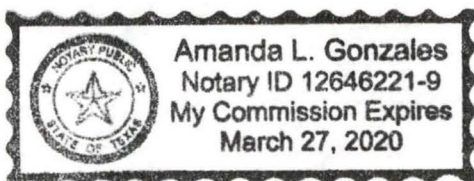
I, Jack Huxel, in my capacity as Senior Landman of Jetta Operating Company, Inc. which is the manager of Jetta Operating Appalachia, LLC, certify that I supervised the preparation of the forgoing responses to requests for information provided by Jetta Operating Appalachia, LLC, and that they are true and accurate to the best of my knowledge, information and belief, formed after reasonable inquiry.


  
\_\_\_\_\_  
Jack Huxel, Sr. Landman  
Jetta Operating Company, Inc., Manager  
Jetta Operating Appalachia, LLC

STATE OF TEXAS            )  
                                      )  
COUNTY OF                ) :SS

The foregoing Certification was subscribed and sworn before me this 17th day of September, 2018, by Jack Huxel as Senior Landman of Jetta Operating Company, Inc. which is the manager of Jetta Operating Appalachia, LLC.

My commission expires: 3-27-2020



  
\_\_\_\_\_  
NOTARY PUBLIC

# **TAB 1**

## CURRENT GAS SALES


Bull Creek	Gas is sold to Vinland at the Vinland Gathering Line
Coon Creek	Gas is sold to Somerset at the Somerset Gathering Line
Happy	Gas is transported on the EQT gathering system and is currently sold to Core Appalachia at the Beaver Creek interconnect between the EQT and Columbia Gas systems
Leatherwood	Gas is transported on the EQT gathering system and is currently sold to Core Appalachia at the Beaver Creek interconnect between the EQT and Columbia Gas systems
Polls Creek	Gas is transported on the EQT gathering system and is currently sold to Core Appalachia at the Beaver Creek interconnect between the EQT and Columbia Gas systems
Tolby/Roxana	Gas is transported on the EQT gathering system and sold to Core Appalachia at the Beaver Creek interconnect between the EQT and Columbia Gas systems
Darfork	Most of the gas is transported on the EQT gathering system and sold to Core Appalachia at the Beaver Creek interconnect between the EQT and Columbia Gas systems. The gas from two stranded wells is sold at wholesale to the City of Hazard. This arrangement with the City of Hazard predated Jetta's acquisition of those wells.

# TAB 2










**Jetta Operating Company, Inc.**

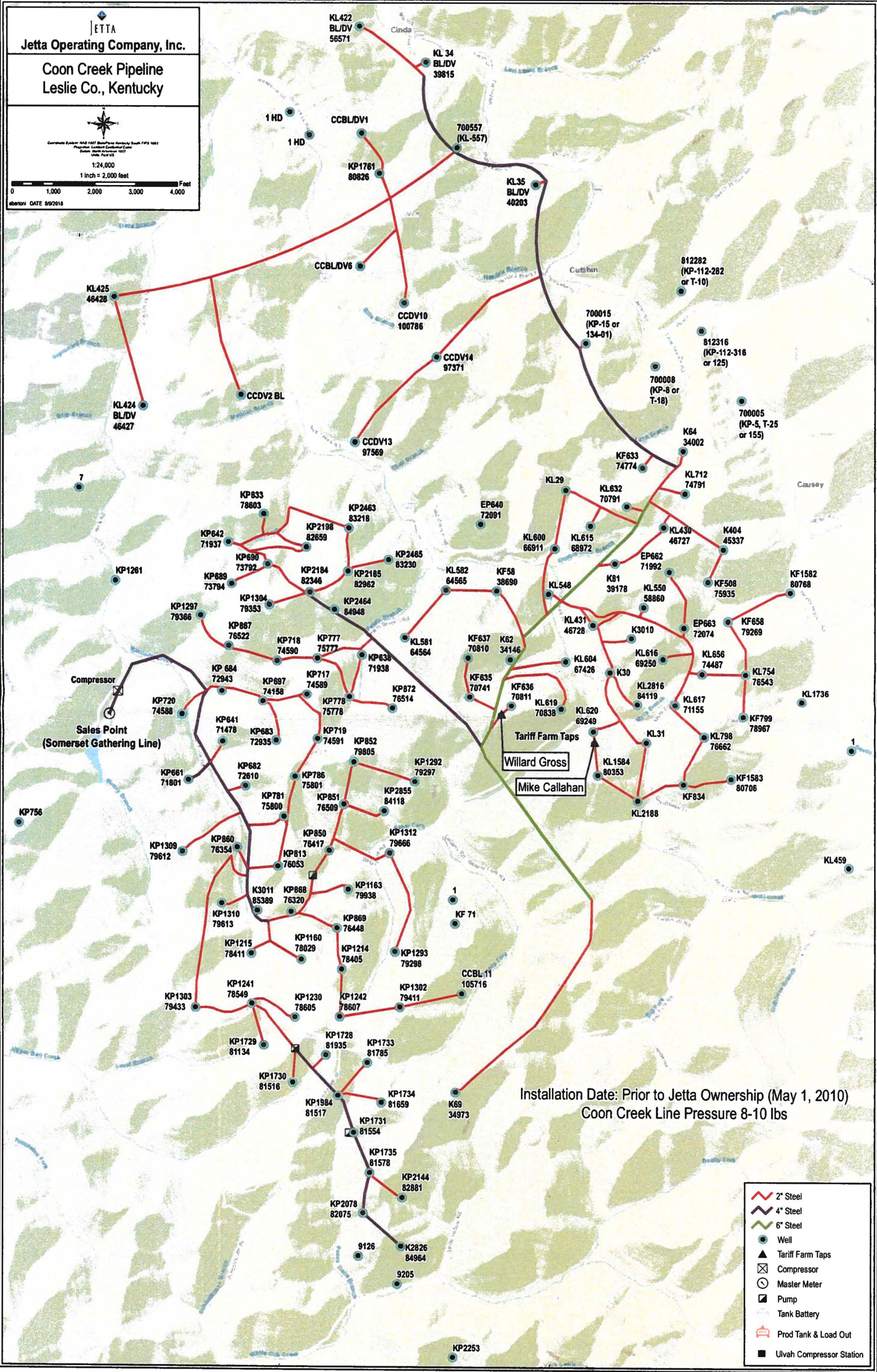
**Coon Creek Pipeline**  
Leslie Co., Kentucky



Coordinate System: NAD 1983 StatePlane Kentucky South FIPS 1082  
Projection: Lambert Conformal Conic  
Datum: North American 1983  
Units: Feet  
Scale: 1:24,000  
1 inch = 2,000 feet

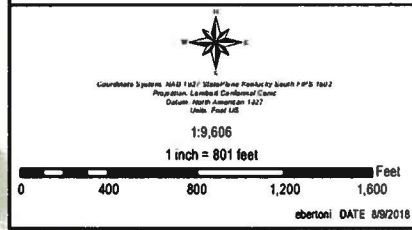
0 1,000 2,000 3,000 4,000 Feet

DATE: 8/9/2018



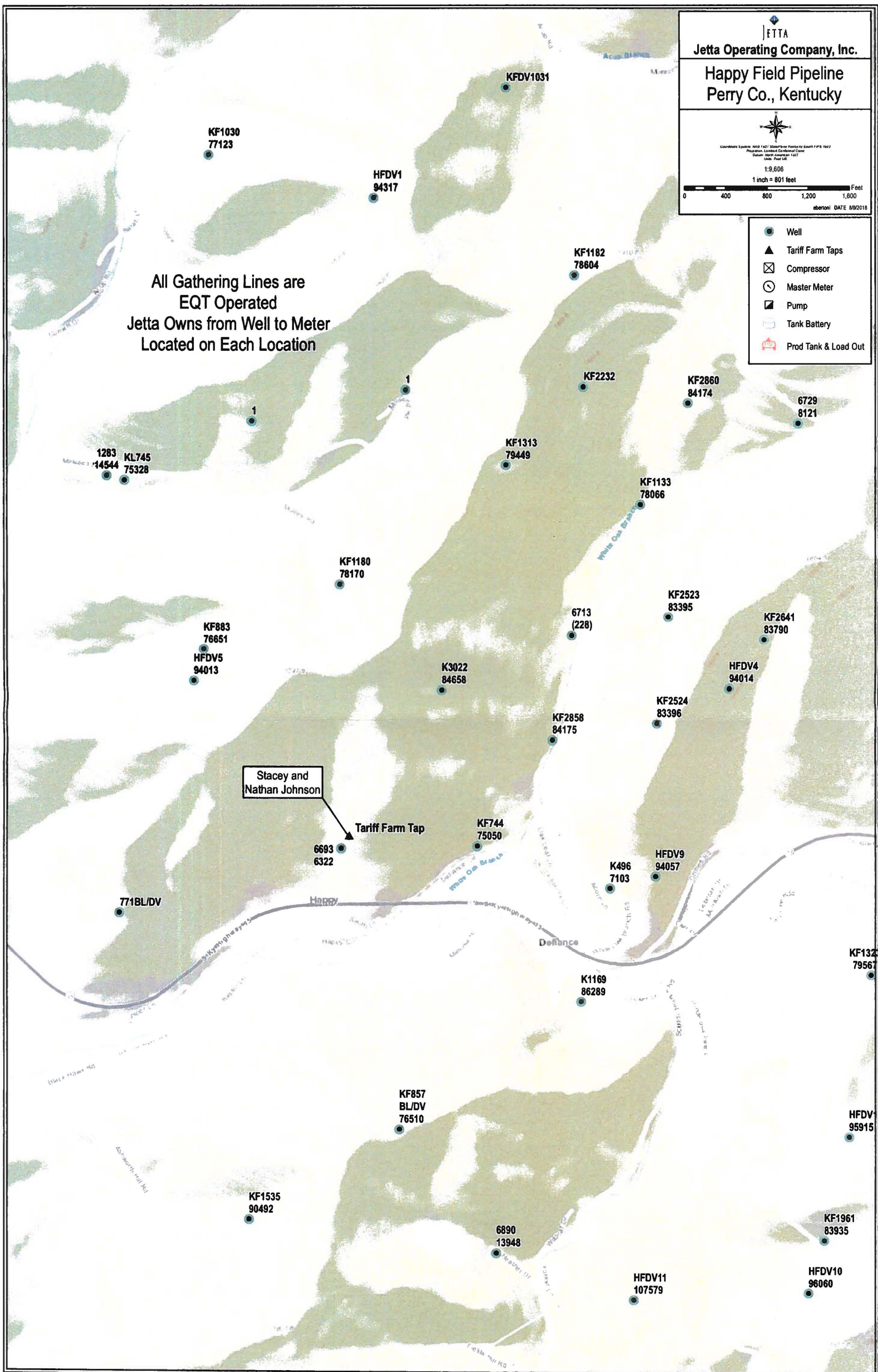


Jetta  
Jetta Operating Company, Inc.  
Happy Field Pipeline  
Perry Co., Kentucky




- Well
- Tariff Farm Taps
- Compressor
- Master Meter
- Pump
- Tank Battery
- Prod Tank & Load Out

All Gathering Lines are  
EQT Operated  
Jetta Owns from Well to Meter  
Located on Each Location








**Jetta Operating Company, Inc.**

**Leatherwood Pipeline**  
Leslie Co., Kentucky



Coordinate System: NAD 1983 StatePlane Kentucky South FIPS 1042  
Projection: Lambert Conformal Conic  
Datum: North American 1983  
Units: Feet US

1:12,000  
1 inch = 1,000 feet

0 500 1,000 1,500 2,000 Feet

DATE: 8/9/2018

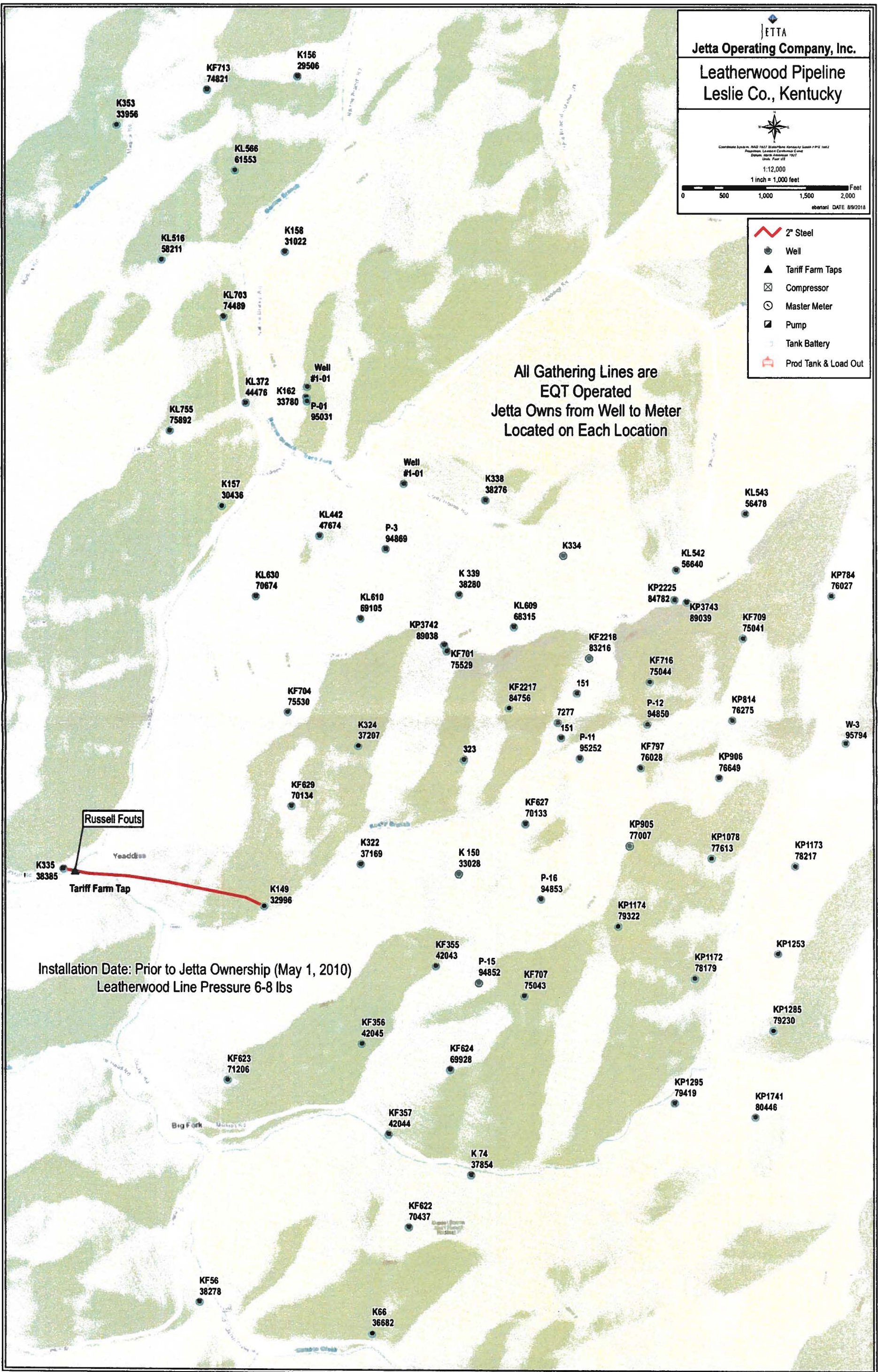
-  2" Steel
-  Well
-  Tariff Farm Taps
-  Compressor
-  Master Meter
-  Pump
-  Tank Battery
-  Prod Tank & Load Out

All Gathering Lines are  
EQT Operated  
Jetta Owns from Well to Meter  
Located on Each Location

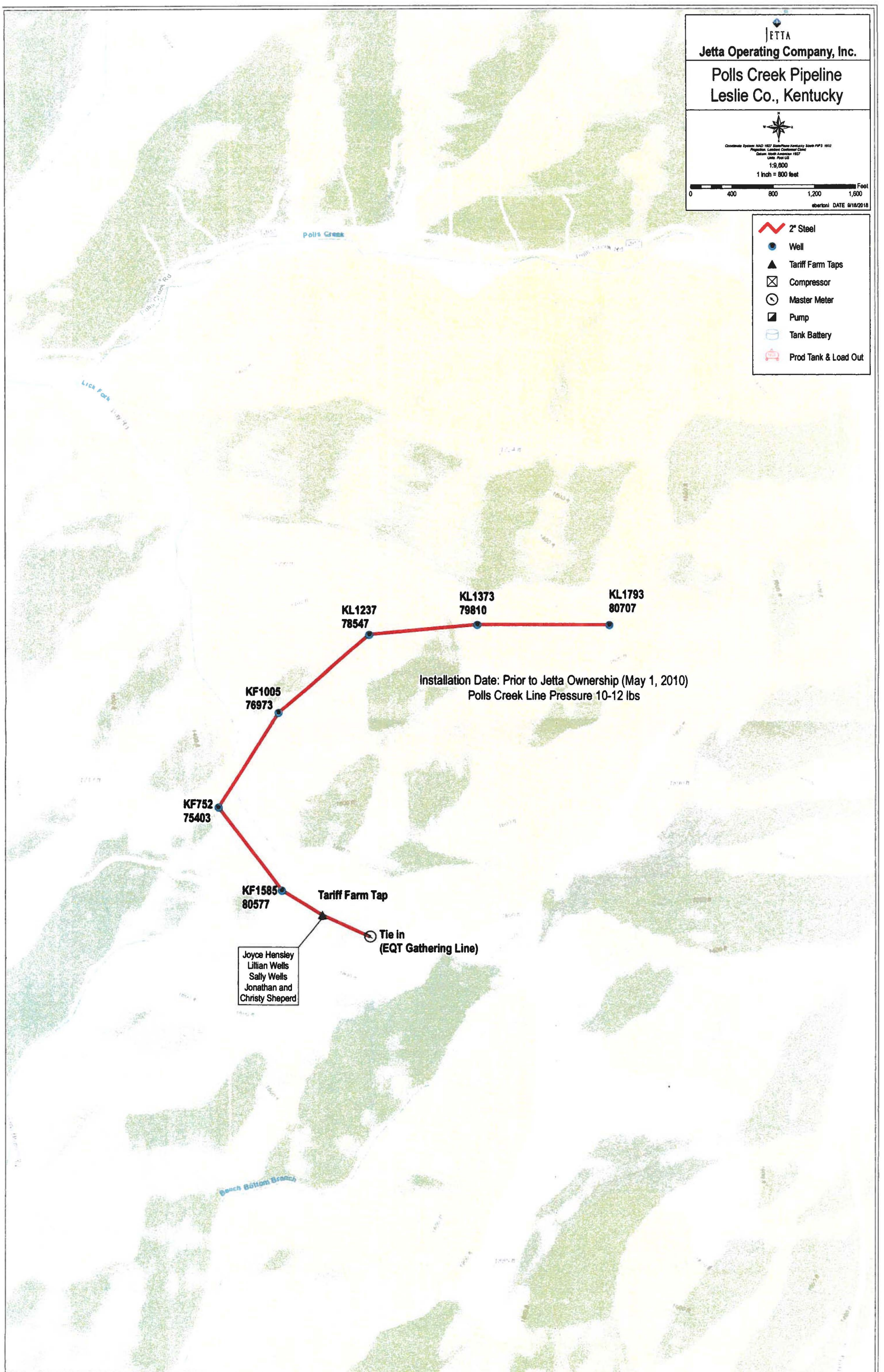
Russell Fouts

Tariff Farm Tap

Installation Date: Prior to Jetta Ownership (May 1, 2010)  
Leatherwood Line Pressure 6-8 lbs











Jetta Operating Company, Inc.

Tolby/Roxana Pipeline  
Letcher Co., Kentucky



Coordinate System: NAD 1983 StatePlane Kentucky South FIPS 5002  
Projection: Lambert Conformal Conic  
Datum: North American 1983  
Units: Feet US  
1:24,000

1 inch = 2,000 feet



abertoni DATE 9/18/2018

Installation Date: Prior to Jetta Ownership (May 1, 2010)  
Tolby Line Pressure 15-18 lbs

All Gathering Lines are  
EQT Operated  
Jetta Owns from Well to Meter  
Located on Each Location  
(Except Where Noted)

Installation Date: Prior to Jetta Ownership (May 1, 2010)  
Roxana Line Pressure 10-12 lbs

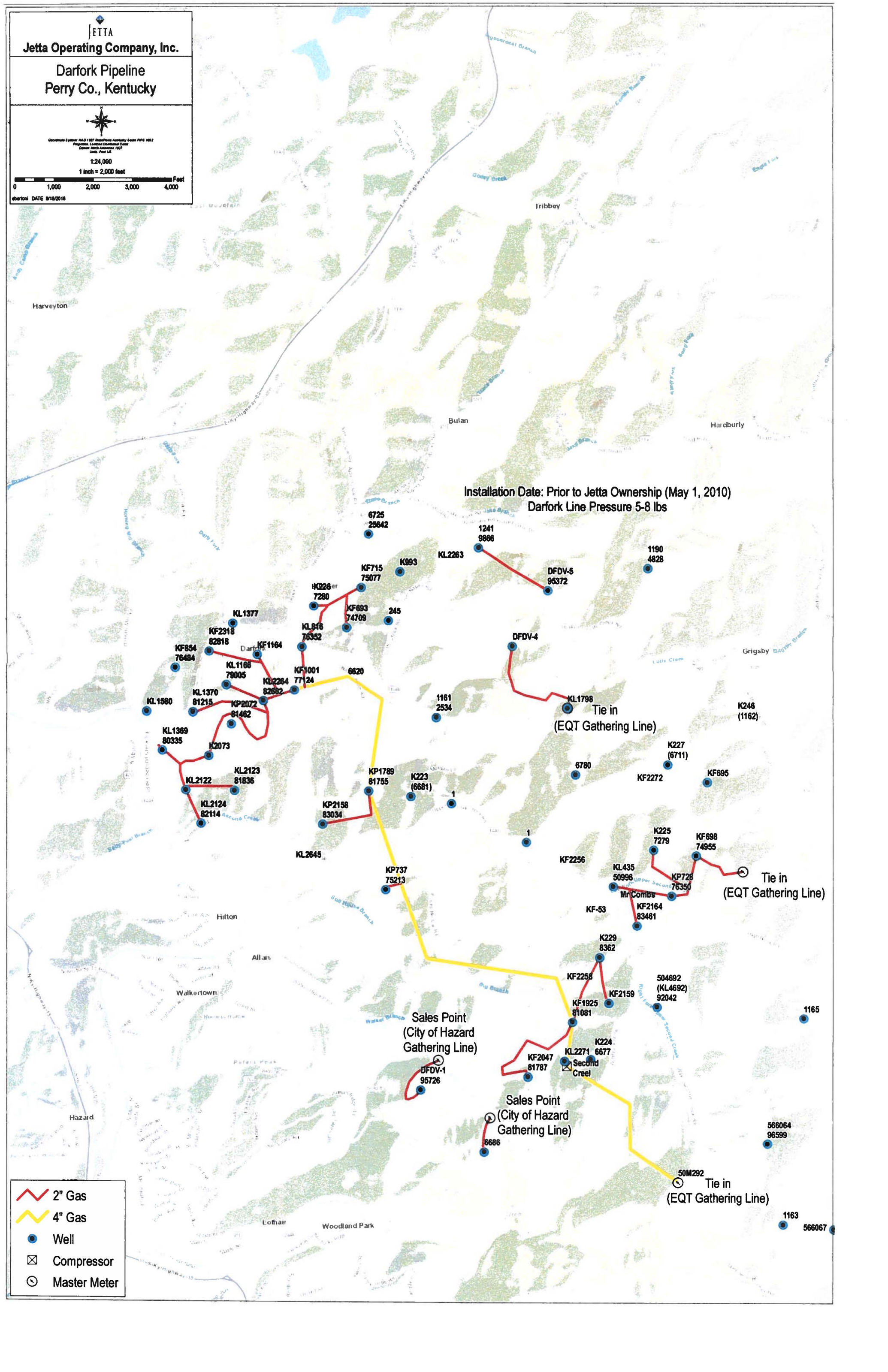
2" Gas

Well

Master Meter

431





**Jetta**  
Jetta Operating Company, Inc.

**Darfork Pipeline  
Perry Co., Kentucky**

1:24,000  
1 inch = 2,000 feet

0 1,000 2,000 3,000 4,000 Feet

DATE 9/18/2018

Installation Date: Prior to Jetta Ownership (May 1, 2010)  
Darfork Line Pressure 5-8 lbs

2" Gas  
4" Gas  
Well  
Compressor  
Master Meter

**TAB 3**

EQUITABLE PRODUCTION COMPANY

225 North Shore Drive

Pittsburgh, PA 15212-5861

Rates, Rules and Regulations for Furnishing

NATURAL GAS SERVICE

AT

Connections along Equitable Production Company's  
Pipeline System in Eastern Kentucky

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

Issued: August 25, 2005

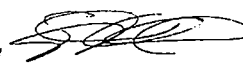
Effective: August 11, 2005

Issued by

SANDRA FRALEY  
VICE PRESIDENT AND GENERAL COUNSEL

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By



Executive Director

Equitable Production Company  
Pittsburgh, PA 15212-5861

Original Sheet No. 1

TABLE OF CONTENTS

	<u>Sheet Number</u>
Rate Schedules	2
Rules and Regulations	3 - 6

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005

PURSUANT TO 807 KAR 5:011

~~SECTION 2 (1)~~

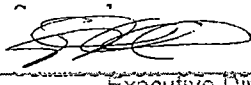
DATE OF ISSUE: August 24, 2005

DATE EFFECTIVE: August 11, 2005

ISSUED BY: Sandra Fraley, Vice President and General

Issued by authority of an Order of the Public Service

CASE NO: 2005-00160

By  in

Executive Director  
DATED: August 25, 2005

Equitable Production Company  
Pittsburgh, PA 15212-5861

P.S.C. No. 1

Original Sheet No. 2

RATE

Customer: Various

RATE:

	<u>Base Rate</u>	<u>+ Gas Cost Rate</u>	<u>= Total Rate</u>
All Mcf	\$1.464	\$7.07	\$8.534

All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Equitable's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

DATE OF ISSUE: August 25, 2005  
ISSUED BY: Sandra Fraley, Vice President and General Counsel  
Issued by authority of an Order of the Public Service Commission  
CASE NO: 2005-00160

DATE EFFECTIVE: August 11, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005  
PURSUANT TO 807 KAR 5:011

EXECUTIVE DIRECTOR  
DATED: August 11, 2005



Equitable Production Company  
Pittsburgh, PA 15212-5861

Original Sheet No. 3

CLASSIFICATION OF SERVICE  
RULES AND REGULATIONS

1. CONDITIONS FOR SERVICE

The terms and conditions as stated in KAR 5:026 are referenced hereto and are incorporated in this filing.

2. In addition to KAR 5:026, the following conditions apply to each specified circumstance and are a part of this filing:

a. Nature of Company's Business

- (1) Equitable Production Company ("EPC") shall not be liable to the Customer for discontinuance of service resulting from the plugging and abandonment or change in the use of any of its wells. It is understood that the line from which EPC supplies gas is not permanent and that service to the Customer by EPC may cease, either temporarily or permanently, if EPC in its sole discretion discontinues transportation of gas through that line. In such cases, either party hereto may cancel this arrangement on fifteen (15) days' written notice without prejudice to the right of EPC to continue to supply gas to other customers; and EPC shall not be liable for any deficiency in the supply caused by the use of pumping stations, breakage of lines, or other causes, or for any claim for damage on account of any matters set forth in this paragraph.
- (2) Further, EPC may be required to limit volumes to domestic customers and is under no obligation to maintain full and complete service due to contractual obligations with purchasers, maintenance of lines, etc.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005  
PURSUANT TO 807 KAR 5:011

DATE OF ISSUE: August 25, 2005

DATE EFFECTIVE: December 11, 2003

ISSUED BY: Sandra Fraley, Vice President and General Counsel

Issued by authority of an Order of the Public Service

CASE NO: 2003-00317

DATED: December 11, 2003

Equitable Production Company  
Pittsburgh, PA 15212-5861

Original Sheet No. 4

CLASSIFICATION OF SERVICE  
RULES AND REGULATIONS  
(Continued)

b. New Installations.

- (1) A deposit equal to an estimated three months of usage.
- (2) A \$150.00 installations fee.

c. Reinstallations

Service, which had been previously discontinued, reinstated upon remittance of the following:

- (1) All past due amounts.
- (2) A deposit equal to an estimated three months of usage.
- (3) A \$25.00 turn-on fee.

d. Change of Ownership

In the event of a transfer of ownership, the continuance of domestic gas service will be permitted upon the remittance of the following:

- (1) Payment of the existing account balance from the previous owner.
- (2) A deposit equal to an estimated three months usage.
- (3) A \$25.00 turn-on fee may apply.

DATE OF ISSUE: August 25, 2005  
ISSUED BY: Sandra Fraley, Vice President and General Counsel  
Issued by authority of an Order of the Public Service Commission  
CASE NO: 2003-00317

DATE EFFECTIVE: December 11, 2003

DATED: December 11, 2003

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005  
PURSUANT TO 807 KAR 5:011

SECTION 2 (1)

Executive Director

Equitable Production Company  
Pittsburgh, PA 15212-5861

Original Sheet No. 5

CLASSIFICATION OF SERVICE  
RULES AND REGULATIONS  
(Continued)

e. Gas Measurement

The measurement of gas by meter shall be conclusive upon the Customer and EPC, except when such meter ceases to register, proves to be defective, or is found by test not to be accurate within the limitations specified in the rules of the Commission or a successor government authority. In such cases, the consumption for the period in question shall be estimated. EPC will, upon written application of Customer, have the meter removed, sealed and tested, and a certificate of the test given to the Customer. If the meter so tested shall be found to be accurate within the limits specified in the rules of the Commission, the Customer shall, upon presentation of a bill pay EPC for such test according to the schedule of charges for testing meters formulated by the said Commission or a successor governmental authority.

f. Payment of Bills of Other Default

(1) The Customer shall pay the installation charge and deposit referred to above and, thereafter, pay EPC for all gas delivered at rates approved by the Commission. EPC shall render statements to the Customer at regular monthly intervals for gas delivered.

(2) To avoid delinquent classification, Customer shall remit full and complete payment twenty (20) days following receipt of statement. Customer may be terminated for non-payment after ten (10) days with notice but not before twenty-seven (27) days after the mailing of the original bill.

g. General Provisions

(1) In addition, EPC shall have the right to enter upon the premises of the Customer to read, repair, change or remove the meter or inspect regulators and shall also have the right to reclaim any of the property of EPC which may be on the premises.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005  
PURSUANT TO 807 KAR 5:011

DATE OF ISSUE: August 25, 2005

DATE EFFECTIVE: December 11, 2003

ISSUED BY: Sandra Fraley, Vice President and General Counsel

Issued by authority of an Order of the Public Service

CASE NO: 2003-00317

DATED: December 11, 2003

Equitable Production Company  
Pittsburgh, PA 15212-5861

FOR All Service Areas  
P.S.C. No. 1

Original Sheet No. 6

CLASSIFICATION OF SERVICE  
RULES AND REGULATIONS  
(Continued)

(2) Where the service facilities or other equipment have been tampered with, resulting in improper measurement of the service supplied, the Customer shall be required to pay for such gas service as EPC may estimate from available information to have been used but not registered by EPC's meter, and in addition thereto, shall be required to bear all costs incurred by EPC for investigations and inspections and for such protective equipment as in the judgment of EPC, may be necessary.

(3) No agent or employee of EPC has authority to make any promise, agreement, or representation inconsistent with this provision, and no such promise, agreement, or representation shall bind EPC, unless in writing and signed by an executive officer thereof.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/11/2005  
PURSUANT TO 807 KAR 5:011

DATE OF ISSUE: August 25, 2005

DATE EFFECTIVE: December 11, 2003

ISSUED BY: Sandra Freley, Vice President and General Counsel

Issued by authority of an Order of the Public Service By

CASE NO: 2003-00317

DATED: December 11, 2003

**TAB 4**

Revised  
Gas Price Calculations

12 Month NYMEX Strip (as of 03/27/2018):	\$2.87/DTH
12 Month Columbia Gas TCO Strip (as of 03/27/2018):	<u>(\$0.26)/DTH</u>
	\$2.61/DTH

BTU Conversion Based on Btu/cf:	<u>x 1.370*</u>
	\$3.58/MCF

*\*average of the field tap meter heat rates, Jan' 2018*

Well Operator: (Schedule 1)	\$5.40
Administrative Personnel: (Schedule 2)	\$1.67
Postage & Office Supply: (Schedule 3)	\$0.55

Total:	\$11.20
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Revised

Schedule 1 – Well Operator Cost

Gross Hourly Rate: \$24

**Calculation:**

Meter Readings- 30 min per customer 6.00 hours per year/customer

Call-Outs, Maintenance, etc.: 2.00 hours per year/customer

Total Hours: 8.00 hours per year/customer

**Labor Cost Per Mcf:**

8.00 hrs. x \$24.00/Hr. \$192.00

Meter Cost (over 5 years) \$2.50

Usage (12 month avg.) 36 Mcf

Per Mcf: \$5.40

## Revised

### Schedule 2 – Administrative Personnel Cost

Gross Hourly Rate:	\$20
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#### Calculation:

Preparing and reviewing invoices:	2.00 hours per month
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Processing cash receipts:	1.00 hours per month
---------------------------	----------------------

Total Hours:	3.00 hours per month
--------------	----------------------

#### Personnel Cost Per Mcf:

3.00 hrs. x \$20.00/Hr.	\$60.00
-------------------------	---------

Usage (monthly avg.)	36 Mcf
----------------------	--------

Per Mcf:	\$1.67
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### Schedule 3 – Postage and Office Supply

**Calculation:**

\$0.50 Per Customer Postage:	\$0.50 Per month
------------------------------	------------------

\$1.15 Per Customer other supplies	\$1.15 Per month
------------------------------------	------------------

Total:	\$1.65 Per month
--------	------------------

Average Mcf Usage:	3 Mcf per month
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Per Mcf:	\$0.55
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Jetta Operating Appalachia, LLC  
Of  
305 Dawahare Drive, Hazard, KY  
41701

Rates, Rules and Regulations  
For Furnishing  
Natural Gas  
In  
Leslie, Perry & Letcher County, Kentucky