

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE GAS	)	
COSTS OF JOHNSON COUNTY GAS	)	CASE NO.
COMPANY, INC. AND HALL, STEPHENS AND	)	2020-00122
HALL GAS COMPANY PURSUANT TO KRS	)	
278.2207, AND KRS 278.274	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO JOHNSON COUNTY GAS COMPANY AND  
HALL, STEPHENS AND HALL GAS COMPANY

Johnson County Gas Company, Inc. (Johnson County) and Hall, Stephens and Hall Gas Company (Hall), pursuant to 807 KAR 5:001, are to file with the Commission an electronic version of the following information. The information requested herein is due on August 21, 2020. Pursuant to the Commission's Orders in Case No. 2020-00085,<sup>1</sup> issued March 16, 2020, and March 24, 2020, Johnson County and Hall 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

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<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.

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.

Johnson County and Hall shall make timely amendment to any prior response if they obtain information that 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 Johnson County and Hall fail or refuse to furnish all or part of the requested information, Johnson County and Hall 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, Johnson County and Hall 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 Johnson County and Hall's joint response (Response), which states that Columbia Gas and EQT Transmission (EQT)<sup>2</sup> charge Hall a transportation fee

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<sup>2</sup> EQT was acquired by Diversified Oil & Gas in October 2018. See Case No. 2016-00312, *Purchased Gas Adjustment Filing of Johnson County Gas Company*, Response to Commission Staff's First Request for Information, Item 4(b).

totaling \$1.81 per Mcf. Provide copies of documents that evidence the transportation fees that Columbia Gas and EQT, respectively, charge Hall.

2. Refer to Johnson County and Hall's joint Response regarding the comparison between the gas cost to the Johnson County customer without the cost of transportation being \$4.19 per Mcf and the GCR rate for Columbia Gas of Kentucky, Inc. (Columbia Kentucky), Duke Energy Kentucky, Inc. (Duke Kentucky), and Sentra Corporation (Sentra).

a. Explain how the \$4.19 per Mcf rate, which is the \$6.0000 per Mcf contract rate without the \$1.81 per Mcf transportation fee, can be properly compared to a GCR rate of another Local Distribution Company (LDC) utility when the GCR rate includes transportation cost in its calculation.<sup>3</sup>

b. Identify where in Johnson County's Gas Clause Adjustment Clause Tariff that states that costs associated with the transportation of natural gas is included in its GCR rate calculation.

3. Refer to the Commission's April 14, 2020 Order, page 4, which states that the \$6.0000 per Mcf price Hall charges Johnson County is based upon the same price that Johnson County's unaffiliated supplier, Bradco Oil Company (Bradco), charges Johnson County. Also, refer to Johnson County's response to a data request in Case No. 2019-00312, which states that Bradco's price of \$6.0000 per Mcf is reasonable because Bradco allows Johnson County "to make late payments with no interest or additional

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<sup>3</sup> Columbia Kentucky's Gas Cost Adjustment Clause, Tariff Sheet No. 49; Duke Kentucky's Cost Adjustment Clause, Tariff Sheet No. 70; and Sentra's Purchased Gas Cost Adjustment, Tariff Sheet No. 27A.

charges.”<sup>4</sup> Given that Bradco’s pricing reflects the risk of Johnson County as a customer and Hall is an affiliated supplier, explain why the calculation of the market cost of gas based on gas supply in Eastern Kentucky should not be used as a proxy for the cost of gas.

4. Explain when the \$6.0000 per Mcf contract was established between Johnson County and Hall.

a. Provide the \$6.0000 per Mcf contract between Johnson County and Hall.

b. Explain how the cost of natural gas was calculated between Johnson County and Hall before the \$6.0000 per Mcf contract was established.

5. Provide a discussion of all attempts by Johnson County to negotiate with Hall to achieve a gas cost lower than the \$6.0000 per Mcf. If there have been no such attempts, provide an explanation of why Johnson County believes \$6.0000 per Mcf is still a reasonable rate.

6. Provide the invoices from Hall to Johnson County for any natural gas purchased for each month from April 1, 2013, through September 3, 2019. Be sure to explicitly state if, during any period under review, Johnson County did not purchase any natural gas for any month from Hall and thus did not receive an invoice for service.

7. Provide the invoices from Bradco to Johnson County for any natural gas purchased for each month from April 1, 2013, through September 3, 2019. Be sure to explicitly state if, during any period under review, Johnson County did not purchase any natural gas for any month from Bradco and thus did not receive an invoice for service.

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<sup>4</sup> Case No. 2019-00312, Response to Commission Staff’s First Request for Information, Item 9.

8. Provide the invoices from EQT to Johnson County for any natural gas purchased for each month from April 1, 2013, through September 3, 2019. Be sure to include any invoices from Diversified Oil and Gas (Diversified) after they took over properties from EQT on October 2018.<sup>5</sup> Be sure to explicitly state if, during any period under review, Johnson County did not purchase any natural gas for any month from Diversified or EQT and thus did not receive an invoice for service.

9. State whether Johnson County purchased any additional natural gas from suppliers other than Hall, Bradco, EQT, or Diversified from April 1, 2013, through September 3, 2019.

a. If so, provide the invoices from each additional supplier to Johnson County for any natural gas purchased for each month from April 1, 2013, through September 3, 2019.

b. If so, explain why each additional supplier was necessary and why the natural gas supply for Johnson County could not or would not be met by Hall, Bradco, EQT, or Diversified.

10. Explain whether Johnson County has tried to acquire natural gas from any additional suppliers from April 1, 2013, through September 3, 2019.

11. Provide check copies or bank statements confirming the amounts ultimately paid to Bradco as well as to Hall, EQT, and Diversified from April 1, 2013, through September 3, 2019. Redact any personal information from the statements, such as bank account numbers, and any additional identifiable information

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<sup>5</sup> *Ibid*, Item 4(b).

12. Provide a customer billing history report for a random Johnson County residential customer for each month from April 1, 2013, through September 3, 2019. Redact any personal information from the report, such as customer names, customer addresses, and any other additional identifiable information. The report should include the monthly usage, the rates billed, and the meter reading dates.

13. Explain how Hall acquires the natural gas it sells to Johnson County and how Hall transports the natural gas to Johnson County.

a. Note all city gates used by Hall for the transportation of natural gas to Johnson County, including the usage for each city gate in Mcf for each month from April 1, 2013, through September 3, 2019.

14. Explain whether Hall sells natural gas to any additional LDC or natural gas municipal utility besides Johnson County.

15. Refer to Case No. 2019-00312, Johnson County's Response to Commission Staff's Second Request for Information, Item 3.<sup>6</sup>

a. Further expand upon the services provided by Bud Rife Construction Company for Hall.

b. Explain the rate at which Hall would bill Bud Rife Construction Company for each of the services it provided to Hall

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<sup>6</sup> Case No. 2019-00312, *Purchased Gas Adjustment Filing of Johnson County Gas Company*, Response to Commission Staff's Second Request for Information (filed Oct. 16, 2019), Item 3.

16. State the Gas Cost Recovery (GCR) rate that was in effect and charged by Johnson County to its ratepayers for each month from April 1, 2013, through September 3, 2019.

17. State the actual Mcf sales and purchases for each month from of April 1, 2013, through September 3, 2019.

18. Provide the amounts of natural gas sold in Mcf for each month from April 1, 2013, through September 3, 2019.

19. Provide the total cost of the volumes purchased for each month from April 1, 2013, through September 3, 2019.



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Lindsey Flora  
Acting Deputy Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED   AUG 04 2020  

cc: Parties of Record

Case No. 2020-00122

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