

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**JOINT APPLICATION OF AMERIGAS PARTNERS, )  
L.P. AND COMMERCIAL PROPANE SERVICE LLC )  
FOR APPROVAL OF COMMERCIAL PROPANE )  
SERVICE LLC'S ACQUISITION OF AMERIGAS )  
PARTNERS, L.P.'S UTILITY ASSETS IN OLD BRIDGE )  
SUBDIVISION, DANVILLE, KENTUCKY )**

**CASE NO. 2014-00250**

**JOINT RESPONSE OF  
AMERIGAS PARTNERS, L.P. AND  
COMMERCIAL PROPANE SERVICE LLC  
TO THE COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED OCTOBER 23, 2014**

**Filed: November 5, 2014**

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF Jessamine )

The undersigned, **Rick Harris**, being duly sworn, deposes and says that he is the District Manager for AmeriGas Propane, L.P., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

*Rick Harris*  
Rick Harris

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 3 day of November, 2014.

*Mary a Hartsock*  
Notary Public

My Commission Expires:

5/20/2017




**MARY HARTSOCK  
NOTARY PUBLIC  
STATE AT LARGE  
KENTUCKY  
MY COMMISSION EXPIRES 5/20/20  
NOTARY ID# 489675**

VERIFICATION

COMMONWEALTH OF KENTUCKY )  
 )  
COUNTY OF Martin ) SS:

The undersigned, **Michael W. Roberts**, being duly sworn, deposes and says that he is the Owner and President of Commercial Propane Service LLC, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Michael W. Roberts

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 4 day of November, 2014.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

3-1-2016



**AMERIGAS PARTNERS, L.P. AND  
COMMERCIAL PROPANE SERVICE LLC**

**Joint Response to Commission Staff's First Request for Information  
Dated October 23, 2014**

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**Question No. 1**

**Witness: Rick Harris**

- Q-1. Refer to page 2 of the Verified Joint Application ("Application"), submitted on July 18, 2014, specifically, the first sentence under the heading The Transaction. Elsewhere in the Application (Exhibit 3, page 27 of 28), the capacity of the supply tanks used to serve the customers in Old Bridge Subdivision is identified as 21,000 gallons.
- a. Using the volumes of propane in the supply tanks as of September 30, 2014, (or the most recent date the volumes were measured), provide the dollar amount of the propane volumes. If not September 30, 2014, identify the date used.
  - b. Based on the average cost per gallon of the propane in the supply tanks as of the measurement date used to respond to part a. of this request, provide the dollar amount of propane volumes, assuming the tanks were at full capacity.
- A-1.
- a. \$14,860.00
  - b. \$23,822.00

**AMERIGAS PARTNERS, L.P. AND  
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**Question No. 2**

**Witness: Michael W. Roberts**

- Q-2. Refer to the listing of Commercial Propane Service's ("CPS") employees and their respective experience on page 3 of the Application.
- a. Provide a general description of the work experience of Mr. Ronald Humphrey prior to the nearly four years he has worked for CPS.
  - b. Mr. Chuck Howell had been with CPS as its bobtail driver for five months at the time the Application was filed.
    - (1) Explain whether an individual no longer with CPS filled the bobtail driver position prior to the hiring of Mr. Howell and state the length of time the position was vacant prior to Mr. Howell's hiring.
    - (2) If a former employee was in the bobtail driver position prior to the hiring of Mr. Howell, explain why that employee left CPS.
    - (3) Provide the length of time Mr. Howell worked for the Marion County Road Department prior to his hiring by CPS.
  - c. Provide a general description of the work experience of Ms. Adrian Roberts prior to the five years she has worked for CPS.
- A-2.
- a. Prior to joining Commercial Propane Service LLC ("CPS"), Ronald Humphrey was employed by Publishers Printing, LLC as the head pressman for 13 years. After leaving Publishers Printing, LLC, Mr. Humphrey was self-employed, refurbishing antique vehicles.
  - b.
    - (1) Aaron Brown was the bobtail driver prior to Chuck Howell. The position was vacant for approximately one month before CPS hired Mr. Howell
    - (2) CPS's prior bobtail driver, Mr. Brown, left CPS to start his own company.

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- (3) Mr. Howell worked for the Marion County Road Department as a dump truck and garbage truck driver for approximately 4 years, from 2010 to 2014.
  
- c. Prior to joining CPS, Adrian Roberts worked at Paradise Pools part-time while attending St. Catharine College. At Paradise Pools, Ms. Roberts was the office assistant manager and maintained accounts payable and receivable, worked with customers on their pool plans, scheduled installations, assisted customers with their pool plan payments, and answered customer questions and concerns.

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**Question No. 3**

**Witness: Adrian Roberts**

- Q-3. Refer to the first sentence at the top of page 4 of the Application and to Exhibit 7, page 2 of 4. The sentence on page 4 states that "CPS is currently a debt-free business ..." while Exhibit 7 shows \$500,000 in Owner Loans outstanding as of July 1, 2014. Describe the nature of the Owner Loans and explain why their existence is not inconsistent with the statement that CPS is currently debt-free.
- A-3. The \$500,000 in Owner Loans should be labeled "Owner's Equity" because it represents Mr. Roberts' initial capital investment in CPS. Because the amount constitutes Mr. Roberts' equity investment in CPS, there is no promissory note or other evidence of indebtedness relating to his capital contribution. Therefore, the statement that CPS is currently debt free is accurate.



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**Question No. 4**

**Witness: Michael W. Roberts**

- Q-4. Explain whether CPS has given any consideration to establishing a subsidiary for the purpose of acquiring and owning the AmeriGas Partners, L.P. ("AmeriGas") utility assets in Old Bridge Subdivision.
- A-4. Yes, CPS considered establishing a subsidiary to acquire and own the Old Bridge System but decided to integrate the utility operations into its current organizational structure. Maintaining the current organizational structure will not erode the distinction between CPS's Commission-regulated operations and those not regulated by the Commission. Ms. Roberts is familiar with, and capable of, keeping multiple sets of books because CPS engages in a variety of discrete operations; thus, the Old Bridge System will be properly accounted for on separate books and treated as an independent operation of CPS.

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**Question No. 5**

**Witness: Adrian Roberts**

- Q-5. Refer to pages 3 and 4 of Exhibit 7 of the Application. Explain why all the items in the income statement on page 3 for the period 1/1/2014-6/15/2014, other than: (1) payroll; (2) Total; (3) Net profit before taxes; (4) Income taxes; and (5) Net profit after taxes are at the same amounts shown for those items in the income statement on page 4 of the exhibit for calendar year 2013.
- A-5. A corrected income statement for 1/1/2014 through 6/15/2014 is provided below.

**CORRECTED INCOME STATEMENT 1/1/2014-6/15/2014**

Sales	\$271,173.17
Cost of Goods Sold	\$142,442.62
Gross Profit	\$128,730.55
Operating Expense	\$6,220.00
Payroll (taxes, etc.)	\$29,800.00
Outside Services	-0-
Supplies (office and operation)	\$1,270.00
Repairs and maintenance	\$620.00
Advertising	\$2,600.00
Car, delivery, and travel	\$6,080.00
Accounting and legal	\$1,440.00
Rent	-0-
Telephone	\$1,040.00
Utilities	\$2,100.00
Insurance	\$8,700.00
Taxes (real estate, PPT, etc.)	\$900.00
Interest	-0-
Depreciation	-0-
Other expenses (lodging, etc.)	\$4,120.00
TOTAL	\$64,960.55

Net profit before taxes	\$64,960.55
Income taxes	\$8,867.11
Net profit after taxes	\$56,093.44