COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
COMMERCIAL PROPANE SERVICE, LLC)
D/B/A BRIGHT'S PROPANE SERVICE, INC.) CASE NO. 2017-00343
FOR AN ALTERNATIVE RATE)
ADJUSTMENT)

RESPONSE OF COMMERCIAL PROPANE SERVICE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED FEBRUARY 16, 2018

FILED: March 16, 2018

VERIFICATION

COMMONWEALTH OF KENTUCKY))) SS:

COUNTY OF MARION

The undersigned, Adrian Roberts, being duly sworn, deposes and states that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief. \land

)

Adrian Roberts

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10^{-7} day of March 2018.

Ohych Zroutmon (SEAL) Notary Public

My Commission Expires: 9(10121)Notary ID: 58531

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 1

Witnesses: Adrian Roberts

- **Q-1.** Refer to the response to Commission Staff's First Request for Information ("Staff's First Request"), Item 2.a. Also, refer to the Application, Tabs 17, 20, and 22. Provide updated cost support for the non-recurring charges using the updated number of miles.
- **A-1.** Revised cost justification sheets for the proposed Reconnection Fee (Tab 17), Meter Testing Fee (Tab 20) and Service Investigation charge (Tab 22) are attached.

NONRECURRING CHARGE COST JUSTIFICATION

1. Field E		
А.	Materials (Itemize)	
		\$ <u>0.00</u>
В.	Labor (Time and Wage)	
Β.	2 Hours x \$18.84/hr*	37.70
	Total Field Expense	\$ <u>37.70</u>
2. Clerica	and Office Expense	
Α.	Supplies	\$
В.	Labor	8.08**
	Total Clerical and Office Expense	\$ 8.08
3. Miscella	aneous Expense	
A.	Transportation	\$_38.15***
В.	Other (Itemize)	
	Total Miscellaneous Expense	\$ <u>38.15</u>
Tot	al Nonrecurring Charge Expense	\$ <u>93.93 ≈ 95.00</u>

NONRECURRING CHARGE COST JUSTIFICATION

Type of Cha	arge: Meter Testing Charge	
1. Field Ex	pense:	
Α.	Materials (Itemize)	
		\$_0.00
В.	Labor (Time and Wage)	
	<u>4 Hours x \$18.84/hr*</u>	
	Total Field Expense	\$ _75.36
2. Clerical	and Office Expense	
A.	Supplies	\$
В.	Labor	
	Total Clerical and Office Expense	\$ _0.00
3. Miscella	neous Expense	
A.	Transportation	\$ <u>38.15**</u>
В.	Other (Itemize)	
	Total Miscellaneous Expense	\$ _38.15
Tota	I Nonrecurring Charge Expense	\$ <u>113.51 ≈ 115</u> .00

* Assumes wage of \$17.50 per hour + FICA taxes

** Assumes round trip of 70 miles @ \$0.545 per mile

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Service Investigation Charge 1. Field Expense: Α. Materials (Itemize) \$<u>0.00</u> _____ Β. Labor (Time and Wage) 37.68 2 Hours x \$18.84/hr* **Total Field Expense \$**<u>37.68</u> 2. Clerical and Office Expense \$ A. **Supplies** Β. Labor \$ 0.00 **Total Clerical and Office Expense** 3. Miscellaneous Expense Α. Transportation \$ 38.15** B. Other (Itemize) **\$**<u>38.15</u> **Total Miscellaneous Expense** Total Nonrecurring Charge Expense $75.83 \approx 75.00$

* Assumes wage of \$17.50 per hour + FICA taxes

** Assumes round trip of 70 miles @ \$0.545 per mile

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Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 2

Witnesses: Michael W. Roberts and Adrian Roberts

Q-2. Refer to the response to Commission Staff's First Request, Item 3.

a. Explain how Bright's Propane's required office space of 500 square feet was determined. Provide any relevant documentation.

b. State whether Commercial Propane Service, LLC ("Commercial Propane") operates any other affiliates from this office location. If so, provide the amount of office rent allocated to each affiliate.

A-2. a. Commercial Propane Service, LLC based the amount of required office space on the area necessary to hold an office desk and chair and various items of office equipment, such as a computer printer and filing cabinets. The rent for office space was also intended to compensate for storage space in Commercial Propane Service's warehouse for equipment used in its regulated operations, such as piping, meters, and regulators.

b. Commercial Propane Service, LLC does not operate any other affiliates from this office location.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 3

Witnesses: Michael W. Roberts and Adrian Roberts

Q-3. Refer to the response to Staff's First Request, Item 4.

a. Confirm that the National Propane Gas Association and Kentucky Propane Gas Association are the same organization.

b. Explain whether membership in the National Propane Association/Kentucky Gas Propane Association provides benefits for Commercial Propane's unregulated operations. If so, describe how membership dues are allocated to Bright's Propane.

A-3. a. The National Propane Gas Association and Kentucky Propane Gas Association are not the same organization. KPGA is a non-profit corporation organized under the laws of Kentucky. It has its own officers and board of directors. The NPGA is a non-profit corporation organized under the laws of New Jersey. It has a separate management and board of directors and has a purpose and function that differs from that of the KPGA.

b. Commercial Propane Service's membership in these organizations will also benefit Commercial Propane Service's unregulated operations. The proposed adjustment set forth in the Application to reflect the cost of membership in both organizations allocates the full cost of membership Commercial Propane Service's regulated operations.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 4

Witnesses: Michael W. Roberts and Adrian Roberts

Q-4. Refer to the response to Staff's First Request, Items 8a. and 8.c.

a. Refer to Item 8.c. Since test-year sales for purposes of the billing analysis should include customers' actual usage, provide the total usage, based on meter-reading records, for minimum-bill customers as a group.

b. Refer to Item 8.a. Confirm that if Bright's Propane were to change its rate design to one consisting of a customer charge and volumetric charge, minimum bill customers' aggregate usage must be known in order to accurately calculate the rates that will produce the revenue requirement.

c. Provide the amount of the monthly customer charge that Bright's Propane would propose if its rate design were to change.

A-4. a. Commercial Propane Service is continuing to review and analyze its billing records to determine the actual usage of the minimum-bill customer group. It expects to complete this review no later than March 23, 2018 and will supplement this response as soon as that review is completed.

b. Commercial Propane Service agrees that if its rate design were to be changed to one consisting of a customer charge and volumetric charge, minimum bill customers' aggregate usage must be known in order to accurately calculate the rates that will produce the revenue requirement.

c. In its conference with Commission Staff on March 13, 2018, Commercial Propane Service proposed an alternative method of regulation to reflect that the service that Commercial Propane Service provides is subject to significant competition from non-regulated entities, such as bottled gas providers. Under this method, Commercial Propane Service's volumetric rate would be based upon the retail residential propane market price. Customers would be assessed a minimum charge based upon a monthly usage of 400 cubic feet and would be based upon the propane retail market rate at the time of billing.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 5

Witness: Adrian Roberts

Q-5. Refer to the response to Staff's First Request, Item 10 and the Application, Tabs 14 and 15.

a. Explain why Bright's Propane is proposing to recover 100 percent of the cost of computer software it shares with Commercial Propane's unregulated operations.

b. Explain how the approximate utilization percentages in the data response were developed. Provide any relevant documentation.

- **A-5.** a. Commercial Propane Service no longer proposes to recover the total cost of the computer software from its regulated operations. It proposes to recover only 50 percent of the total cost. It proposes to allocate 50 percent of the software cost to its regulated operations because approximately one-half of the software components can only be used by its regulated operations. To ensure that the regulated operations are allocated an appropriate portion of the computer software costs, Commercial Propane will allocate the fee for annual updates and maintenance services for the software, which is presently \$1,500, to its non-regulated operations. Under the new proposal and assuming the assigned useful life of five years, depreciation expense related to the software for the adjusted test period operations will be \$1,400 rather than \$2,800 as originally proposed.
 - b. See Response to Question 5a.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 6

Witness: Adrian Roberts

- **Q-6.** Refer to the Application, Tab 15, and Bright's Propane's 2015 Annual Report. Explain why utility plant (Acct. 101) and accumulated depreciation (Acct. 108) from the 2015 Annual Report differ from the amounts shown in the Application.
- **A-6.** Commercial Propane Service has been unable to obtain an explanation from the accountant who prepared its Annual Report. The depreciation schedule that is shown at Tab 15 of the Application reflects the entries that the Commission ordered in Case No. 2014-00250 as well as plant acquisitions for Commercial Propane Service's regulated operations made in 2015 and 2016. Attached as Exhibit 6 is the excerpt from the Commission's Order of November 26, 2014 in Case No. 2014-00250 regarding the accounting entries to record the acquisition of the Old Bridge propane delivery system.

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

ORDER

On July 30, 2014,¹ AmeriGas Partners, L.P. ("AmeriGas") and Commercial Propane Service LLC ("CPS") (collectively, "Applicants") filed a Joint Application for approval pursuant to KRS 278.020(5) and (6) and 807 KAR 5:001, and all other applicable statutes and regulations, for CPS's acquisition of Heritage Operating, LP d/b/a Bright's Propane Service, Inc. ("Bright's Propane"), constituting AmeriGas's utility assets in the Old Bridge Subdivision in Boyle County, Kentucky. Although these assets are referred to in the Application as the "Old Bridge System," they will be referred to herein as Bright's Propane.² There were no intervenors in this case.³

¹ The Application was received July 21, 2014, but contained filing deficiencies. The deficiencies were cured on July 30, 2014, and the Application was accepted for filing as of that date.

² In the Purchase and Sale Agreement attached as Exhibit 3 to the Application, these assets are referred to as the "assets of Seller, all of which are owned and used in connection with the propane gas distribution utility system owned and operated by Seller in Old Bridge Subdivision in Boyle County, Kentucky (the "System")."

³ Although there were no intervenors in this matter, letters were received from several current customers of the utility in support of the transfer request.

Plant Acquisition Adjustment

When the amount paid by a party acquiring utility assets differs from the assets' net book value, the USoA requires that the difference be recorded as a plant acquisition adjustment.⁴⁰ In this instance, based on the \$7,118 net book value and the \$5,000 purchase price, the resulting plant acquisition adjustment is a negative \$2,118. While CPS is required to recognize this negative plant acquisition adjustment when it records its acquisition of the utility assets on its books, it will make an offsetting accounting entry that results in the plant acquisition adjustment's not being carried on its books after it completes its recording of the transaction.

After recording the transfer, including the negative plant acquisition adjustment, the changes to CPS's books will be as follows:⁴¹

Debit		Credit			
Utility Plant - Acct. 101	\$55,916 ⁴²	Accumulated Depreciation	-	Acct. 108	\$48,798
		Cash	-	Acct. 131	5,000
		Plant Acquisition Adjustment	-	Acct. 114	2,118

The offsetting entry to remove the plant acquisition adjustment from CPS's books of account will be a debit of \$2,118 to Account 114 and a credit of the same amount to Account 108, Accumulated Depreciation. After this entry, the impact on CPS's books will be:

⁴⁰ Heritage departed from this USoA requirement when it recorded the amount it paid that was in excess of the net book value of the utility assets as intangible plant. Although that action has no direct impact on this transfer, it should be noted.

⁴¹ The changes shown do not include the monetary value of the propane gas in the supply tanks at the time of the transfer because that amount is not known at this time.

⁴² In the case of CPS, Account 101 will contain the sum of Account 365.1, Land and Land Rights; Account 376, Mains; and Account 381, Meters.

Debit		Credit			
Utility Plant - Acct. 101	\$55,916	Accumulated Depreciation	-	Acct. 108	\$50,916
		Cash	-	Acct. 131	5,000

ANNUAL REPORTS

Applicants requested that the effective date of the transfer be the first day of the first calendar month following the issuance of an Order approving the transfer. The Commission's granting of that request means that AmeriGas will own and operate the utility for the first 11 months of 2014, while CPS will own and operate it for the last month of 2014. Such a split of the year 2014 as to ownership of the utility system requires that each party file a report with the Commission covering the portion of the year it was the owner.

The reports to be prepared by AmeriGas and CPS for filing with the Commission are due by March 31, 2015. Due to the aforementioned delay of AmeriGas in filing its 2013 Annual Report, we will use this occasion to emphasize the necessity for reports to be filed on a timely basis.⁴³ We will further remind both parties that failure to obey an Order of the Commission shall result in the offender being subject to civil penalty of up to \$2,500 or a criminal penalty of up to six months of imprisonment.⁴⁴

Pursuant to 807 KAR 5:006, Section 4(2), reports are to be filed using the Commission's electronic filing system. For further information, the parties may e-mail PSC.Reports@ky.gov.

⁴³ Information on annual reports for small natural gas utilities may be viewed on the Commission's website under Utility Information/Utility Forms/Annual Report Forms.

⁴⁴ KRS 278.990. The Commission recognizes that the 2013 report filed by AmeriGas was the first annual report for which it was responsible. However, now that it has the experience of preparing and submitting an annual report, the Commission expects that AmeriGas will not again experience the difficulties and delays it encountered in preparing and filing that report.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 7

Witness: Adrian Roberts

- **Q-7.** Refer to the Application, Tab 15, and Bright's Propane's 2016 Annual Report, pages 17 and 18 of 42. Confirm that some portion of the utility plant acquired by Commercial Propane is non-depreciable land. If confirmed, provide the percentage of utility plant that is non-depreciable. If not confirmed, explain.
- **A-7**. It appears that some portion of the utility plant acquired by Commercial Propane Service is non-depreciable land.

According to the Purchase and Sale Agreement between Commercial Propane Service LLC and Amerigas Partners L.P., the assets transferred to Commercial Propane Service included "all leases, easements, rights-of-way, and other agreements granting Seller [Amerigas Partners L.P.] the right and authority to establish, operate, and maintain the System and the Assets in their present location (hereinafter the "Easements") and the privileges and appurtenances thereunto belonging, including without limitation all of Seller's right, title and interest, if any, in and to those Easements." A copy of the Purchase and Sale Agreement is attached as Exhibit 7.

Commercial Propane Service cannot accurately estimate the percentage of the acquired utility plant that is non-depreciable. It appears that accurate annual reports on the Old Bridge propane delivery system have not been filed with the Commission since the annual report for the year ending December 31, 2007. (The original owner transferred the system in February 2008.) Using the 2007 Annual Report, it appears that 27 percent of the net utility plant in service was related to Land and Land Rights. Using this percentage and the cost to acquire the system, Commercial Propane Service estimates that \$1,357 of Utility Plant that it acquired is non-depreciable.

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is entered into this 17th day of July 2014 by and between **AMERIGAS PARTNERS**, L.P., a Delaware master limited partnership, whose address is 460 North Gulph Road, King of Prussia, PA 19406 ("Seller"), and **COMMERCIAL PROPANE SERVICE LLC**, a Kentucky limited liability company, whose address is 160 Sulphur Springs Road, Lebanon, KY 40033 ("Purchaser").

WITNESSETH:

WHEREAS, Seller desires to sell and transfer to Purchaser, and Purchaser desires to acquire and purchase from Seller, all of Seller's right, title, and interest in the hereinafter described assets of Seller, all of which are owned and used in connection with the propane gas distribution utility system owned and operated by Seller in Old Bridge Subdivision in Boyle County, Kentucky (the "System");

WHEREAS, both parties acknowledge that the System is a utility as defined by KRS 278.010(3), and therefore is subject to the jurisdiction of the Kentucky Public Service Commission, as is the transaction contemplated by this Agreement under KRS 278.020(5) and (6); and

WHEREAS, in order to effectuate such transaction, each of the parties hereto is willing to execute this Agreement and to be bound hereby.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. PURCHASE AND SALE OF ASSETS.

<u>Section 1.1</u> <u>Assets to Be Sold by Seller.</u> Subject to and upon the terms and conditions set forth in this Agreement, Seller will transfer, convey, assign, and deliver to Purchaser, and Purchaser will purchase and acquire, at the Closing hereunder, all of Seller's right, title, and interest in and to the following described assets of Seller, which relate to the System (collectively the "Assets"). The Assets include, without limitation, all of the following:

(a) all leases, easements, rights-of-way, and other agreements granting Seller the right and authority to establish, operate, and maintain the System and the Assets in their present location (hereinafter the "Easements") and the privileges and appurtenances thereunto belonging, including without limitation all of Seller's right, title and interest, if any, in and to those Easements shown on the plats attached hereto as <u>Exhibit 1.1(a)</u>;

(b) all machinery, equipment, tools, propane gas distribution and service pipelines and appurtenant facilities, tanks (both above ground and below ground), and other personal property and fixed assets owned or leased by Seller and used by Seller exclusively in connection with the System (the "Personal Property"), all of which are more particularly described on Exhibit 1.1(b) attached hereto;

(c) all of Seller's inventory of propane gas in the tanks (both above ground and below ground) and in the delivery and service pipelines for the System as of the Closing Date (the "Inventory");

(d) all of Seller's right, title and interest in the commercial, industrial and residential contract and non-contract customer accounts, customer account contracts, and other rights to provide services to the customers of Seller on the System (the "Customer Accounts");

(e) all of Seller's permits, franchises, licenses and governmental approvals relating exclusively to the System, to the extent assignable by Seller (the "Permits");

(f) all operating data, books, files, documents and records of Seller relating exclusively to the ownership and operation of the System, including, without limitation, customer lists, financial and accounting records, and other similar documents and records (the "Records"); and

(g) all contracts, agreements and arrangements between Seller and any other party which are exclusively related to the ownership or operation of the System, all of which are more particularly described on <u>Exhibit 1.1(g)</u> attached hereto (the "Contracts").

<u>Section 1.2</u> <u>Excluded Assets.</u> Anything to the contrary in Section 1.1 notwithstanding, the Assets shall not include the following assets of Seller (collectively the "Excluded Assets"):

(a) all accounts receivable relating to the System accrued prior to the Closing Date, as hereinafter defined;

(b) all accounts and funds of the Seller relating to or arising from the ownership or operation of the System, including all bank accounts, checking accounts, funds and cash of Seller; and

(c) any and all assets of Seller, including those located in the Old Bridge Subdivision, not used solely for the utility service Seller provides through the System.

<u>Section 1.3</u> <u>Purchase Price.</u> In consideration of the sale, transfer, assignment, and delivery of the Assets by Seller to Purchaser, and in reliance upon the representations and warranties made herein by Seller, Purchaser shall pay Seller, in full payment thereof, a purchase price equal to the sum of (i) Five Thousand Dollars (\$5,000.00) (the "Asset Price"), and (ii) the value of the propane gas contained in the tanks being transferred hereunder on the Closing Date, as hereafter defined (the "Gas Price", and collectively with the Asset Price, the "Purchase Price"), which value will be calculated on the Closing Date using Seller's inventory and wholesale cost data as of the Closing Date. The Purchase Price shall be paid in full at the Closing, as hereinafter defined. The Asset Price will be allocated to the propane storage tanks included in the Assets.

<u>Section 1.4</u> <u>No Liabilities Assumed by Purchaser.</u> Seller and Purchaser acknowledge and agree that Purchaser is not assuming responsibility for and shall have no liability for any debts, obligations, or liabilities of Seller or otherwise with respect to or arising in connection with the ownership or operation of Assets or the System prior to Closing.

2. <u>CLOSING.</u> The Closing shall take place at 1:00 p. m. local time on the last day of the System's billing cycle immediately following the date on which the Kentucky Public Service Commission issues its approval of the sale of the Assets contemplated herein (the "Closing Date"), provided that if the Closing occurs on any other date, the closing shall be deemed to have occurred on the Closing Date. The Closing shall be held at the offices of Stoll Keenon Ogden PLLC in Lexington, Kentucky, or such other place as the parties may agree upon.

3. <u>**REPRESENTATIONS AND WARRANTIES BY SELLER.</u>** Seller represents and warrants to Purchaser as follows:</u>

<u>Section 3.1</u> <u>Organization.</u> Seller is a master limited partnership duly organized and validly existing under the laws of the State of Delaware, with all requisite right and corporate power and authority to enter into this Agreement and the related agreements referred to herein and to carry out the transactions contemplated by this Agreement.

<u>Section 3.2</u> <u>Execution, Delivery and Performance of Agreement; Authority.</u> Seller has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby, with all proceedings required to be taken by it to authorize the execution, delivery and performance of this Agreement and the agreements relating hereto having been properly taken. This Agreement constitutes a valid and binding obligation of Seller enforceable against it in accordance with its terms.

<u>Section 3.3</u> <u>Consents and Approvals.</u> Seller has obtained all necessary consents and approvals, including lessor and other third-party consents and approvals, necessary to permit Purchaser to acquire and to properly and legally own, operate, and manage the Assets and the System.

<u>Section 3.4</u> <u>Contracts.</u> Seller has delivered to Purchaser true, correct, and complete copies of each of the Contracts. Each of the Contracts is in full force and effect according to its terms, and neither the Seller nor, to the best of Seller's knowledge, any other party to any of the Contracts is in default of any term or condition of any of the Contracts. Except for the Contracts, Seller is not a party to, nor are any of the Assets bound by, any other agreement or instrument material to the ownership of the Assets or the operation of the System or with respect to which a default might adversely affect the Seller, the Assets, or the System.

<u>Section 3.5</u> <u>Customer Accounts.</u> Seller has provided Purchaser with a true, accurate, and complete listing of all of Seller's Customer Accounts, and will provide an updated listing on the Closing Date.

<u>Section 3.6</u> <u>Litigation.</u> Excepting the administrative proceeding before the Kentucky Public Service Commission concerning Seller and its attempt to abandon the System (Case No. 2013-00332), there is no claim, legal action, suit, arbitration, governmental investigation, or other legal or administrative proceeding, nor any order, decree, or judgment in

progress, pending or in effect, or to the knowledge of the Seller threatened, against or relating to the System, the Assets, or the transactions contemplated by this Agreement.

<u>Section 3.7</u> <u>Compliance with Laws and Other Instruments.</u> Seller has complied in all material respects with all existing laws, rules, regulations, ordinances, orders, judgments, and decrees now or hereafter applicable to its operation of the System as presently conducted or the Assets. Seller has all permits and other authorizations necessary for the operation and maintenance of the System and all such permits and authorizations are in full force and effect and Seller has fully and timely complied with the terms and conditions thereof.

<u>Section 3.8</u> <u>Title to Assets.</u> Seller has good and marketable title to the Assets; provided that Seller makes no representation or warranty as to its right, title or interest, if any, in any of the Easements. None of the Assets is, or at the Closing will be, subject to any mortgage, pledge, lien, charge, security interest, encumbrance, restriction, lease, license, easement, liability, or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent, or otherwise.

Section 3.9 Records. The Records are complete and correct in all material respects, and have been maintained by Seller in accordance with good accounting procedures.

Section 3.10 Disclaimer of Other Warranties. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE SYSTEM, THE ASSETS, OR THE TRANSACTIONS CONTEMPLATED HEREUNDER, EXCEPT FOR THOSE EXPRESSLY SET FORTH HEREIN. SELLER FURTHER EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. <u>REPRESENTATIONS AND WARRANTIES BY PURCHASER.</u> Purchaser represents and warrants to the Seller as follows:

<u>Section 4.1</u> <u>Organization.</u> Purchaser is a limited liability company duly organized and validly existing under the laws of the Commonwealth of Kentucky, with all requisite right and corporate power and authority to enter into this Agreement and the related agreements referred to herein and to carry out the transactions contemplated by this Agreement and to carry on its business as now being conducted and to own, lease or operate its properties.

<u>Section 4.2</u> <u>Execution, Delivery and Performance of Agreement; Authority.</u> Purchaser has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby, with all proceedings required to be taken by it to authorize the execution, delivery, and performance of this Agreement and the agreements relating hereto having been properly taken. This Agreement constitutes a valid and binding obligation of Purchaser enforceable against it in accordance with its terms.

Section 4.3 <u>Consents and Approvals.</u> Purchaser has obtained all necessary consents and approvals, including lessor and other third party consents and approvals, necessary to permit Purchaser to acquire and to properly and legally own, operate, and manage the Assets and the System.κ

<u>Section 4.4</u> <u>Litigation.</u> There is no legal action, suit, arbitration, governmental investigation, or other legal or administrative proceeding, nor any order, decree or judgment in progress, pending or in effect, or to the knowledge of Purchaser threatened, against or relating to Purchaser in connection with or relating to the transactions contemplated by this Agreement.

5. <u>ADDITIONAL AGREEMENTS OF SELLER.</u>

<u>Section 5.1</u> <u>Access to Information and Documents.</u> Upon reasonable notice and during regular business hours, Seller will give the Purchaser and the Purchaser's agents, employees, attorneys, and accountants full access to Seller's personnel, operations, properties, documents, contracts, books, records, and other information of or relating to the Assets and the operation of the System.

<u>Section 5.2</u> <u>Payments to Creditors.</u> Seller shall pay in full and discharge when due all debts, charges, bills, and claims relating to the ownership or operation of the System and the Assets prior to the Closing Date.

<u>Section 5.3</u> <u>Further Documents and Actions.</u> From and after the Closing Date, Seller shall, upon the reasonable request of the Purchaser, execute, acknowledge, and deliver all such further documents and take all such other actions as may be required to convey, transfer, and vest in Purchaser title to the Assets and to protect Purchaser's respective rights, title, and interest in and to all of the Assets and as may be appropriate otherwise to carry out the transactions contemplated by this Agreement.

<u>Section 5.4</u> <u>Property Received by Seller after Closing.</u> From and after the Closing Date, Purchaser shall have the right and authority to collect for the account of Purchaser all of the Assets intended to be transferred to Purchaser pursuant to this Agreement and all payments, fees, and other funds arising from or generated in any way from the operation of the System and accruing on and after the Closing Date. Seller agrees that it will transfer or deliver to Purchaser, promptly after the receipt thereof, any property or payments Seller receives after the Closing Date in respect of or payment for any accounts, sales, orders, or any other item arising from Purchaser's operation of the System on and after the Closing Date.

Section 5.5 <u>Quitclaim Assignment of Easements.</u> At the Closing, Seller will deliver to Purchaser a Quitclaim Assignment under which Seller will transfer, assign and quitclaim to Purchaser all of Seller's right, title and interest, if any, in the Easements.

6. <u>ADDITIONAL AGREEMENTS OF PURCHASER.</u>

Section 6.1 <u>Payments to Creditors.</u> Purchaser shall pay in full and discharge when due all debts, charges, bills, and claims relating to the ownership or operation of the System and the Assets on or after the Closing Date.

<u>Section 6.2</u> <u>Further Documents and Actions.</u> From and after the Closing Date, Purchaser shall, upon the reasonable request of Seller, execute, acknowledge, and deliver all such further documents and take all such other actions as may be appropriate to carry out the transactions contemplated by this Agreement.

<u>Section 6.3</u> <u>Property Received by Seller after Closing.</u> From and after the Closing Date, Seller shall continue to have the right and authority to collect for the account of Seller all payments, fees, and other funds arising from or generated in any way from the operation of the System and accruing prior to the Closing Date. Purchaser agrees that it will promptly transfer or deliver to Seller any property or payments Purchaser receives after the Closing Date in respect of or payment for any accounts, sales, orders, or any other item arising from Seller's operation of the System prior to the Closing Date.

7. <u>CONDITIONS TO THE OBLIGATIONS OF PURCHASER.</u> The obligations of the Purchaser to purchase the Assets shall be subject to the fulfillment of the following conditions at or prior to the Closing Date, any or all of which may be waived in writing in whole or in part by Purchaser.

Seller contained herein shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date.

<u>Section 7.2</u> <u>Covenants and Conditions.</u> Seller shall in all respects have performed its obligations and agreements and complied with all covenants and conditions contained in this Agreement to be performed or complied with them on or before the Closing Date.

<u>Section 7.3</u> <u>Instruments of Conveyance.</u> Seller shall have delivered to the Purchaser such deeds, assignments, bills of sale, releases and other instruments of conveyance, transfer and assignment, all in form and substance reasonably satisfactory to Purchaser.

<u>Section 7.4</u> <u>Satisfactory Due Diligence.</u> Purchaser shall have performed such due diligence investigation and analysis concerning the Assets and the System as Purchaser deems appropriate, and the results of such due diligence and analysis shall be satisfactory to Purchaser in its discretion.

<u>Section 7.5</u> <u>Regulatory Approval.</u> The Kentucky Public Service Commission and any other governmental or regulatory entity whose approval or consent is required under applicable law shall have issued its approval or consent, satisfactory in form and substance to Purchaser, authorizing the consummation of the transactions contemplated by this Agreement.

8. <u>CONDITIONS TO OBLIGATIONS OF SELLER.</u> The obligations of Seller to consummate and close the transactions contemplated in this Agreement shall be subject to the fulfillment at or prior to the Closing Date of each of the following conditions, any or all of which may be waived in writing in whole or in part by Seller.

<u>Section 8.1</u> <u>Representations and Warranties.</u> The representations and warranties of Purchaser contained herein shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date.

<u>Section 8.2</u> <u>Covenants and Conditions.</u> Purchaser shall in all respects have performed its obligations and agreements and complied with all covenants and-conditions contained in this Agreement to be performed or complied with by it on or before the Closing Date.

<u>Section 8.3</u> <u>Regulatory Approval.</u> The Kentucky Public Service Commission and any other governmental or regulatory entity whose approval or consent is required under applicable law shall have issued its approval or consent, satisfactory in form and substance to Seller, authorizing the consummation of the transactions contemplated by this Agreement.

9. <u>INDEMNIFICATION</u>.

<u>Section 9.1</u> <u>Indemnification by Seller</u>. (a) Seller hereby agrees to indemnify and hold harmless the Purchaser from, against, and in respect of, and shall on demand reimburse the Purchaser for, the following:

(i) Any and all loss, liability, or damage suffered or incurred by Purchaser by reason of any untrue representation, breach of warranty, or nonfulfillment of any covenant or agreement by Seller contained herein or in any certificate, document, or instrument delivered to Purchaser pursuant hereto or in connection herewith;

(ii) Any claims, expenses, damages, or other losses incurred by Purchaser as a result of, or arising, from the Seller's ownership or operation of the Assets or the System prior to the Closing Date; and

(iii) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs, and expenses, including without limitation reasonable legal fees and expenses, arising from any of the foregoing.

(b) If any claim covered by Section 9.1(a) above is asserted against the Purchaser by a third party, the Purchaser shall promptly give Seller notice thereof and give Seller an opportunity to defend or settle the same with counsel of their choice and at their sole expense, and at the request of Seller, the Purchaser shall extend its full cooperation in connection with such defense, subject to reimbursement for actual out-of-pocket expenses incurred by it as a result of the request by Seller. If Seller fails to defend said claim within a reasonable time, the Purchaser shall be entitled to assume the defense thereof, and Seller shall be bound by the results obtained by the Purchaser with respect to such claim, and Seller shall be liable to Purchaser for the expenses incurred by Purchaser in such defense, including without limitation reasonable attorney's fees and any settlement payments.

Section 9.2 Indemnification by Purchaser. (a) Purchaser hereby agrees to indemnify and hold harmless Seller from, against, and in respect of, and shall on demand reimburse Seller for, the following:

(i) Any and all loss, liability, or damage suffered or incurred by Seller by reason of any untrue representation, breach of warranty, or nonfulfillment of any covenant or agreement by Purchaser contained herein or in any certificate, document, or instrument delivered to Seller pursuant hereto or in connection herewith;

(ii) Any claims, expenses, damages, or other losses incurred by Seller as a result of, or arising from, the ownership or operation of the Assets or the System on or after the Closing Date; and

(iii) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including without limitation reasonable legal fees and expenses, arising from any of the foregoing.

(b) If any claim covered by Section 9.2(a) above is asserted against Seller by a third party, Seller shall promptly give Purchaser notice thereof and give Purchaser an opportunity to defend or settle the same with counsel of its choice and at its sole expense, and at the request of Purchaser, Seller shall extend their cooperation in connection with such defense, subject to reimbursement for actual out-of-pocket expenses incurred by Seller as a result of the request by Purchaser. If Purchaser fails to defend said claim within a reasonable time, Seller shall be entitled to assume the defense thereof, and Purchaser shall be bound by the results obtained by Seller with respect to such claim, and Purchaser shall be liable to Seller for their expenses incurred in such defense, including without limitation reasonable attorney's fees and any settlement payments.

10. <u>TAXES AND EXPENSES.</u> Purchaser shall be responsible for, and shall pay in a timely manner, any and all sales, use, transfer, and other taxes and other fees that may be due and payable in connection with the sale and transfer of the Assets under this Agreement. Any and all ad valorem taxes and assessments with respect to the Assets shall be pro-rated between Seller and Purchaser as of the Closing Date.

11. **GENERAL PROVISIONS.**

<u>Section 11.1</u> <u>Survival of Representations and Warranties.</u> All of the respective statements, representations, warranties, indemnities, covenants, and agreements made by each of the parties hereto shall survive and continue to be enforceable for a period of one year following the Closing Date.

<u>Section 11.2</u> <u>Notices.</u> Any notice, request, information or other document to be given hereunder (collectively, "Notice") to any of the parties by any other party shall be in writing and delivered personally, sent by a nationally recognized overnight courier delivery service or sent by certified mail, return receipt requested, postage prepaid, to the addresses set forth in opening paragraph of this Agreement. Any such Notice shall be deemed to have been given and shall be effective on and as of (a) the date delivered, if personally delivered, (b) the date deposited with such courier delivery service, if sent in that manner, or (c) the date deposited in a regularly maintained receptacle for the deposit of U.S. Mail, if mailed as set forth above. Any party may change the address to which Notices are to be sent to it by giving written Notice of such change of address to the other parties in the manner herein provided for giving Notice.

<u>Section 11.3</u> <u>Entire Agreement and Amendment.</u> This Agreement, including all of the Exhibits hereto, all of which are hereby incorporated as a part of this Agreement by this reference, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be modified, amended or terminated except by a written agreement specifically referring to this Agreement signed by all of the parties hereto.

<u>Section 11.4</u> <u>Waiver.</u> No waiver of any term or provision hereof or of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any other term or provision or of any subsequent breach or default of the same or similar nature.

<u>Section 11.5</u> <u>Binding Effect.</u> This Agreement shall be binding upon and inure to the benefit of each party hereto and its respective heirs, personal representatives, successors and assigns.

<u>Section 11.6</u> <u>Headings.</u> The section headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said sections.

Section 11.7 <u>Counterparts.</u> This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed one original.

<u>Section 11.8</u> <u>Governing Law.</u> This Agreement and all amendments hereto shall be governed by and construed in accordance with the law of the Commonwealth of Kentucky applicable to contracts made and to be performed therein.

<u>Section 11.9</u> <u>Severability.</u> If any provision of this Agreement is determined to be illegal or unenforceable, such provision will be deemed amended to the extent necessary to conform to applicable law or, if it cannot be so amended without materially altering the intention of the parties, it will be deemed stricken and the remainder of the Agreement shall remain in full force and effect.

<u>Section 11.10</u> <u>Assignability.</u> None of the parties hereto shall have the right, without the prior written consent of the other parties hereto, to assign any of its rights or delegate any of its duties hereunder, except that Purchaser may assign any or all of its respective rights and to delegate any or all of its respective duties and obligations hereunder to any other entity which is owned, controlled by or under common control with the Purchaser; provided, however, that no such assignment or delegation shall release the Purchaser from its respective duties, liabilities and obligations to the Seller hereunder.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized representatives as of the day and year first above written.

AMERIGAS PARTNERS, L.P., a Delaware master limited partnership

By: Title: District Ma nager

COMMERCIAL PROPANE SERVICE LLC, a

Kentucky limited liability company

By: Title: Pre. da-

116993.146083/4246604.5

EXHIBIT 1.1(a) Easements and Rights of Way

All of Seller's right, title, and interest, if any, in and to those easements and rights of way shown or identified on the attached plats of Old Bridge Subdivision in Boyle County, Kentucky, some of which plats are of record at Reference File Numbers 325B, 326A, 332B, 356B, 357A, 443B, 690B, 970B, 980B, 1323A, 1462A, 1462B, and 1508A in the Boyle County Court Clerk's office.



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EXHIBIT 1.1(b) Personal Property

<u>Quantity</u>	Description
1	18,000 gallon supply tank (above ground)
~5,280 ft	2" main (plastic)
3	1,000 gallon supply tanks (underground)
65	Customer meters

EXHIBIT 7 PAGE 28 of 28

EXHIBIT 1.1(g) Contracts

None

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 8

Witness: Adrian Roberts

- **Q-8.** Refer to the Application, Tab 15. Explain how the useful life of each asset was determined.
- **A-8.** To determine the useful life for the bulkhead and regulator upgrades, Commercial Propane Service relied upon Mr. Michael Roberts' estimates. Mr. Roberts has almost 40 years of experience with such equipment. In his opinion, the equipment upgrades would have a useful life of approximately twenty years and five years respectively.

The useful life of five years for computer software based upon the findings of Commission Staff in other proceedings. *See, e.g., The Application of the Lake Village Water Association, Inc. For Approval of A Proposed Increase In Rates For Water Service*, Case No. 2003-00401 (Ky. PSC Jan. 13, 2004). Commercial Propane Service has since learned that the Internal Revenue Service recommends a useful life of three years for computer software. *See* Internal Revenue Service, Publication 946, *How to Depreciate Property* (Feb. 28, 2018) at 10.

Commercial Propane assumed a ten-year useful life was used for the remaining assets acquired from Amerigas Partners L.P. since most of these assets had already been in service at least 25 years and it anticipated most to have a limited future use.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 9

- **Q-9.** Refer to the Application, Tab 16, Sheet Nos. 4-5. Also, refer to Case No. 2018-00006 [footnote omitted]. Explain whether Bright's Propane believes that the Expected Gas Cost ("EGC") component of its Gas Cost Adjustment tariff should be changed to use a twelve-month average as its EGC, rather than the formula for calculating the EGC that is shown in the tariff.
- **A-9.** Given the unique nature of its operations, Commercial Propane Service believes that a form of alternative rate regulation similar to that permitted in Case No. 2013-00076 should be used to establish its rates for service provided through the Old Bridge propane delivery system. Use of this form of regulation would eliminate the need for a gas cost recovery mechanism. Commercial Propane Service anticipates filing in this proceeding within two weeks an offer of settlement proposing an alternative form of ratemaking.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 10

- **Q-10.** Refer to the Application, Tab 16, the Revised Tariff Sheets. Provide a summary listing of the proposed changes to the tariff, and support for the proposed changes.
- **A-10.** The Revised Tariff contains the following changes:
 - Removes statement that rates are on file with the Public Service Commission for the benefit of the public
 - Revises Tap-on Fee from \$275 to actual cost
 - Revises Disconnection Charge from \$15.00 to \$105.00
 - Revises Reconnection Charge from \$15.00 to \$105.00
 - Revises Late Payment Fee from \$7.50 to 10 percent of monthly charge
 - Establishes a Returned Payment Fee, Meter Testing Charge, Meter Relocation Charge, Service Investigation Charge, Service Assignment/Transfer Charge, and Meter Replacement Surcharge; states the conditions under which each charge or fee will be assessed
 - Revises Application for Service Section to identify the information that an applicant must provide and to provide that failure to provide such information constitutes grounds for denial of service
 - Adds section on Customer Deposits; requires payment of customer deposit in calculated in accordance with 807 KAR 5:006, Section 8(1)(d); states general rules governing assessment and refund of deposit
 - Eliminates the requirement that customers read their meters and places responsibility for meter reading upon Commercial Propane Service;
 - Revises issuance date for customer bills from first day of month to fifth day

- Revises payment date from the fifteenth day of month to within 30 days of the bill's issuance
- Provides for the use of estimated bills when Commercial Propane Service is unable to read meter after reasonable efforts
- Provides for Partial Payment Plans and Winter Hardship Reconnections
- Revises Section on Discontinuance of Service for Cause
- Provides that no Reconnection Charge will be assessed for customers qualifying for reconnection pursuant to 807 KAR 5:006, Section 16
- Provides a copy of Commercial Propane Service's billing format

Support for all non-recurring charge revisions and for the establishment of new non-recurring charges is found at Tabs 17 through 26 of the Application. Support for the Meter Replacement Charge is found at Tab 27 of the Application.

Changes to Application section are to comply with the Commission's ruling in *Donald B. and Kimberly A. Niergarth v. Northern Kentucky Water District*, Case No. 2013-00309 (Ky. PSC Jan. 31, 2014).

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 11

- **Q-11.** Explain whether Commercial Propane and Bright's Propane have a Cost Allocation Manual pursuant to KRS 278.2205 or have ever requested a waiver pursuant to KRS 278.2219.
- **A-11.** Commercial Propane Service does not have a cost allocation manual nor has it requested a waiver from this requirement pursuant to KRS 278.2219. As part of the alternative rate regulation proposal that it will shortly submit to the Commission, it will request a waiver from that requirement.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 12

- Q-12. Explain how labor costs are currently allocated to Bright's Propane by Commercial Propane.
- **A-12.** With the exception of administrative and office functions, labor costs are generally allocated based upon the actual time the employee spent performing a task directly related to the Old Bridge propane delivery system (e.g. meter reading, odorant testing). Labor for administrative and office functions is based upon an estimate of the portion of Ms. Roberts' total worktime devoted to matters involving the Old Bridge propane delivery system.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 13

- **Q-13.** Confirm that Bright's Propane performed weekly odorant testing for the entirety of 2016. If not confirmed, state when weekly testing began.
- **A-13.** Commercial Propane Service ("CPS") has sought in its Application sufficient revenue to permit it to conduct weekly odorant testing. It conducted odorant testing 12 times in 2016, once per month with the exception of July, when no testing occurred, and twice in September. From January 1, 2015, to date, CPS has conducted odorant testing 63 times, and no testing has shown odorant to be inadequate. This is to be expected because CPS does not receive or process raw or un-odorized propane; rather, all bulk propane shipments CPS receives are fully odorized and delivered to the Old Bridge storage tanks in a fully odorized state. Because propane does not flow through or across the Old Bridge distribution system, which is a closed distribution system, there is no opportunity for un-odorized gas to mix with the fully odorized propane CPS delivers to the system.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 14

- **Q-14.** Provide a description of Bright's Propane's existing meters, including manufacturer and characteristics, and information concerning the meters with which it proposes to replace the existing meters.
- **A-14.** The current meters are American Meter Company meters equipped with Fischer regulators and a cubic index. For information regarding the proposed replacement meters, see Exhibits 14A and 14B.

EGULATORS



DOMESTIC AND COMMERCIAL METERS

American Meter has a full line of vapor meters. Domestic and commercial meters are compact, lightweight, rugged die-cast aluminum alloy construction. Meters are temperature compensated for accurate measurement.





AM-250TC-CF

AC-250TC-CF

DOMESTIC AND COMMERCIAL METERS

RMI	Meter Con	nection	Meter Working	Index**	SCFH*	BTU/Hr*
Part No.	Connection	Position	Pressure	Available	Propane	Propane
AM-250TC-CF	3⁄4" FNPT	Side	5#	Cubic Feet	160	404,000
AC-250TC-CF	1" MC	Тор	5#	Cubic Feet	160	404,000
AL-425TCL-CF	1¼" MC	Тор	10#	Cubic Feet	270	694,000

@60ºF., 11" W.C. Inlet

Must have Special Index or factor index reading when operating pressure is greater than 11" W.C. Adjustment must be made when operating at altitudes greater than 1000 feet above sea level. Cubic foot indexes only per National Board of Weights & Measures.



COMMERCIAL & INDUSTRIAL METERS

Large commercial and industrial vapor meter has rugged construction, lightweight and ample capacity for all sizes of propane installations.

RMI Part No	Meter Con	nection	Meter Working	Index#	@ 60ºF,	11" W.C. **	@ 60%	, 10# PSIG
nim rart No.	Connection	Position		Available	CFH	BTU	CFH	BTU
AL-425TCH-CF	11/4" MC	Тор	24#	Cubic Feet	270	694,000	840	2,124,000
AL-425TCH-CFH	1¼" MC	Тор	24#	10# Index			840	2,124,000
AC-630TC-CF	1½" MC	Тор	25#	Cubic Feet	395	989,,000	1,070	2,684,000
AL-800TC-CF	1½" MC	Тор	25#	Cubic Feet	515	1,299,000	1,620	4,086,000
AL-1000TC-CF	11/2" MC	Тор	25#	Cubic Feet	645	1,627,000	2,140	5,392,000
AL-1400TC-CF	3" FNPT	Side	100#	Cubic Feet	900	2,270,000	2,850	7,190,000
AL-2300TC-CF	4" FNPT	Side	100#	Cubic Feet	1,475	3,758,000	4,730	11,929,000
AL-5000TC-CF	4" FNPT	Side	100#	Cubic Feet	3,225	8,171,000	10,370	26,148,000
	AL-425TCH-CFH AC-630TC-CF AL-800TC-CF AL-1000TC-CF AL-1400TC-CF AL-2300TC-CF	RMI Part No. Connection AL-425TCH-CF 1¼" MC AL-425TCH-CFH 1¼" MC AC-630TC-CF 1½" MC AL-800TC-CF 1½" MC AL-800TC-CF 1½" MC AL-1000TC-CF 1½" MC AL-1400TC-CF 3" FNPT AL-2300TC-CF 4" FNPT	Connection Position AL-425TCH-CF 1¼" MC Top AL-425TCH-CFH 1¼" MC Top AC-630TC-CF 1½" MC Top AL-800TC-CF 1½" MC Top AL-1000TC-CF 1½" MC Top AL-1400TC-CF 1½" MC Top AL-1400TC-CF 3" FNPT Side AL-2300TC-CF 4" FNPT Side	RMI Part No. Meter Connection Working Pressure AL-425TCH-CF 1¼" MC Top 24# AL-425TCH-CFH 1¼" MC Top 24# AL-425TCH-CFH 1½" MC Top 24# AC-630TC-CF 1½" MC Top 25# AL-800TC-CF 1½" MC Top 25# AL-1000TC-CF 1½" MC Top 25# AL-1400TC-CF 3" FNPT Side 100# AL-2300TC-CF 4" FNPT Side 100#	Index# Working PressureIndex# AvailableAL-425TCH-CF1½" MCTop24#Cubic FeetAL-425TCH-CFH1½" MCTop24#10# IndexAC-630TC-CF1½" MCTop25#Cubic FeetAL-800TC-CF1½" MCTop25#Cubic FeetAL-1000TC-CF1½" MCTop25#Cubic FeetAL-1400TC-CF1½" MCTop25#Cubic FeetAL-1400TC-CF3" FNPTSide100#Cubic FeetAL-2300TC-CF4" FNPTSide100#Cubic Feet	RMI Part No. Index# Index# Index# Index# CFH AL-425TCH-CF 1½" MC Top 24# Cubic Feet 270 AL-425TCH-CFH 1½" MC Top 24# 10# Index AC-630TC-CF 1½" MC Top 25# Cubic Feet 395 AL-800TC-CF 1½" MC Top 25# Cubic Feet 515 AL-1000TC-CF 1½" MC Top 25# Cubic Feet 645 AL-1400TC-CF 3" FNPT Side 100# Cubic Feet 900 AL-2300TC-CF 4" FNPT Side 100# Cubic Feet 1,475	RMI Part No. Index# Index# Index# Index# Corr Index# In	RMI Part No. Wetter Connection Position Working Pressure Index# Available (e 00°F, 11 w.c. **) (e 0°F, 11 w.c. **) (e

AC-630TC-CF

Rebuilt meters available upon your request

10 PSI

124-3,722

155-6,205

193-14,500

189-22,700

Must have Special Index or factor index reading when operating pressure is greater than 11" W.C. Adjustment must be made when operating at altitudes greater than 1000 feet above sea level.

** Capacity based on $\frac{1}{2}$ " W.C. drop. Capacity will double if based on 2" drop across meter.

AMERICAN METER ROTARY METER

11" WC

75-2,500

94-3,750

116-8,750

Features heavy duty housing, vertical or horizontal mounting, mechanical counter, battery temperature compensation with six month data storage and high accuracy at low flows.

RMI Part No.

with

Temperature

Compensation³

RPM-9.0 CTC

RPM-1.5 TC

RPM-3.5 TC



Capacity Range % Accuracy²

at Various Operating Pressures

Thousands of BTU/HR

5 PSI

99-2,960

123-4.930

153-11,500

150-18,000

RPM-5.5 TC	2" FNPT ¹	114-13,750
1 - 2" Flange is al	so available.	

2 - Meters will record lower flow rates but at a lower degree of accuracy.

3 - Also available without temperature compensation.

Pipe Size

Inlet/Outlet

11/2" FNPT1

11/2" FNPT1

2" FNPT1

Tel: 800-628-5044

Compact, high-performance turbine meter for accurate totalizing of gas volumes in the flow range of 800 to 10,000 cfh and working pressures of up to 275 psig with aluminum housing.

- Magnetic drive–eliminates leaks
- Versatile mounting-can be mounted vertically or horizontally
- Capable of handling pressure surges without internal damage

Contact RMI technical service for application assistance.

RMI	MI Description Capacity			(Millions of BTU/HR*)		
Part No.	Description	@11" WC	@5 PSIG	@10 PSIG		
3GTS-275	3" Flange Mount Meter	2.1-25	2.4-32.5	2.6-42.5		
4GTS-175	4" Flanged Meter	3-45	3.5-60	2.2-75		

Fax: 800-243-8341

Order online at www.raymurray.com or call for personal assistance

RAY MURRAY, INC.

GAS TURBINE METERS



EXHIBIT 14B PAGE 1 of 2

AM-250 Diaphragm Meter

Special application, residential gas meter available in either 5 PSIG or 10 PSIG Maximum Allowable Operating Pressure with a badge rate of 250 cfh (.60 gravity gas) at 1/2-inch W.C. differential pressure.

Features

- Die-cast aluminum case with side connections
- Oil-impregnated, self-lubricating bushings
- Molded, convoluted diaphragms for smooth operation and long life
- Rigid, reinforced flag rods for positive alignment and sustained accuracy
- Graphite-filled phenolic valves to minimize wear
- Long-life, low friction, grommet seals
- Single coat polyester primer with high solids polyurethane top coat
- Security seals that indicate tampering

Advantages

- Temperature compensation available from -30°F to 140°F (-34°C to 60°C)
- 250 SCFH (7.1 m³/h) (0.60 specific gravity gas) at 1/2-inch W.C. differential
- AMR/AMI compatibility

Meets ANSI B109.1 specification

Measurement Canada accredited

Applications

The ideal meter for measuring gas to mobile home parks, for LP applications, or wherever US standard pipe thread connections are desirable. Properly installed, this meter will accurately measure gas loads ranging from one pilot light to its full recommended capacity.

Options

- Regular or Temperature
 Compensated
- Pointer or odometer index
- 1ft³, 2ft³, or 0.5m³ drive
- 3/4" or 1" NPT (F) side connections
- 5 or 10 PSIG (345 or 690 mbar) Maximum Allowable Operating Pressure (MAOP)
- Pressure compensating indexes
- Standard or UV protected index covers
- Remote Volume Pulsers





AM-250 Diaphragm Meter

Weight = 12 lbs



Capacities (0.60 specific gravity gas)

Line Pressure PSIG (mbar)	Differential Inches W.C. (mbar)	SCFH (m³/h)
0.25	1/2	250 ^{1,2}
(17)	(1.2)	(7.1) 528
(69)	(5)	(14.9)
2	2	550
(138)	(5)	(15.6)
5	2	593
(345)	(5)	(16.8)
10	2	671
(690)	(5)	(19.0)

1 - Propane - 158 SCFH (4.5 m³/h)

2 - Butane - 138 SCFH (3.9 m³/h)

AM-250 Proof Curve



About Elster Group

A world leader in advanced metering infrastructure, integrated metering, and utilization solutions to the gas, electricity and water industries. Elster's metering and system solutions reflect over 170 years of knowledge and experience in measuring precious resources and energy.

Elster provides solutions and advanced technologies to help utilities more easily, efficiently and reliably obtain and use advanced metering intelligence to improve customer service, enhance operational efficiency, and increase revenues. Elster's AMI solutions enable utilities to cost-effectively generate, deliver, manage, and conserve the lifeessential resources of gas, electricity, and water.

Elster has a staff of over 7,500 serving customers globally in North America, Central America, South America, Europe, Asia, Africa and the Middle East.

ISO 9001:2000

Elster American Meter 2221 Industrial Road Nebraska City, NE 68410 USA

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Elster Canadian Meter

T +1 905 634 4895 F +1 905 634 6705

www.elster-canandianmeter.com

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EAM-DS3537.5-EN-P - December 2008 Superscedes SB-3537.4

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 15

- Q-15. State whether Bright's Propane's existing meters appear to provide accurate meter readings.
- **A-15.** Commercial Propane Service has not detected any unusual swings in usage or low usage in time of expected high usage. The actual accuracy of a meter, however, can only be determined by testing the meter. 807 KAR 5:022, Section 8(5) requires the meters to be tested at least every 10 years. Based upon my information, knowledge, and belief, the meters serving the Old Bridge Subdivision propane delivery system, with some limited exceptions, have not been tested since their installation in the early 1990s.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 16

- **Q-16.** State whether Bright's Propane periodically tests meters for accuracy. If so, describe the testing program.
- A-16. Commercial Propane Service does not have a periodic meter testing program.

Response to Commission Staff's Second Request for Information February 16, 2018

Case No. 2017-00343

Question No. 17

- **Q-17.** Provide a discussion of the benefits to Bright's Propane and its customers expected to result from the proposed meter replacement.
- **A-17.** The new meters will ensure accurate measurement of customer usage, prevent overcharges due to fast running meters, and provide assurance that all customers are paying for the service that they receive.