TABLE OF CONTENTS

REQUEST	TAB NO.
Request No. 1	1
Request No. 2.	2
Request No. 3.	3
Request No. 4.	4
Request No. 5.	5
Request No. 6.	6
Request No. 7.	7
Request No. 8	8
Request No. 9.	9
Verifications	10

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF TROUBLESOME CREEK GAS CORPORATION FOR INITIAL RULES,

CASE NO. 2019-00467

REGULATIONS, AND RATES FOR FURNISHING

GAS SERVICE PURSUANT TO KRS 278.485

TROUBLESOME CREEK GAS CORPORATION'S RESPONSE TO COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION

REQUEST 1

Refer to spreadsheet "Rate Calculation", Tab "1 Employee."

a. Explain why the annual total used in the rate calculation for Gross Wages is \$2,000 higher than the result of the formula specified.

RESPONSE:

The employee's hourly rate is \$16.00. Sixteen dollars multiplied by 2,080 hours multiplied by sixty percent= \$19,968.00 regular annual wages. He works overtime at a rate of \$24.00 per hour. Two thousand dollars was added to estimate the overtime amount required to maintain service to farm tap customers. See the amended proposed rate worksheet (attached to the end of request 1).

PERSON RESPONSIBLE: Kim Lockhart

b. Explain why a sixty percent allocation factor is appropriate and why it is not an explicit component of the calculation of Workers Compensation or Payroll Taxes.

Troublesome Creek Gas Corporation Case No. 2019-00467

Commission Staff's Initial Request for Information

RESPONSE:

The employee estimates that he spends sixty percent of his time on the customers covered by this

tariff request. He spends approximately forty percent of his time performing other functions. The

workers compensation was erroneously calculated on \$11,968.00 instead of \$21,968.

PERSON RESPONSIBLE: Kim Lockhart

c. Explain how the formula for Workers Compensation was determined.

RESPONSE:

The actual Workers Compensation rate paid for this employee is .03600375. Nineteen thousand

nine hundred and sixty-eight multiplied by .03600375 equals \$719.00. Two thousand dollars

overtime divided by one and a half then multiplied by .03600375 equals \$48. Seven hundred

nineteen plus \$48 equals \$767.00.

PERSON RESPONSIBLE: Kim Lockhart

d. Provide the formula used to determine Payroll Taxes. Confirm that "KUCC" is Kentucky

state unemployment tax assessment or explain this acronym.

RESPONSE:

Payroll taxes:

FICA & Medicare: \$21,968.00 multiplied by .0765= \$1,681.00

KY Unemployment: \$10,500.00 multiplied by 60% multiplied by 6.675%= \$421.00

Fed Unemployment: \$7,000.00 multiplied by 60% multiplied by .6%= \$25.00

Total: 2,127.00

This is the actual calculation. I originally estimated \$2,200.00. See the amended

proposed rate worksheet (attached to the end of request 1) reflecting this correction. KUCC

stands for Kentucky state unemployment tax assessment.

Page 2 of 17

Commission Staff's Initial Request for Information

PERSON RESPONSIBLE: Kim Lockhart

e. Explain why foregone revenue of \$2 per thousand cubic feet (Mcf) is reasonable. Include

in the explanation a discussion of why the gas cost component of rates should not be based

on the New York Mcrcantile Exchange (NYMEX) 12-month strip and Troublesome

Creek's British thermal unit (BTU) factor for the gas's heat content.

RESPONSE:

The NYMEX 12-month strip in comparison to the \$2.00 foregone revenue was \$2.13 per dth for

the period in question (February 2020-January 2021). The \$2.13 per dth converts to \$1.986 per

Mcf using the BTU 1.0725 (the BTU factor per the gas analysis for Troublesome Creek (see

response to request 4 for analysis)). Troublesome Creek believes \$2.00 is an appropriate number

to use in the calculation. However, in the event the NYMEX 12-month strip is deemed more

appropriate, Troublesome Creek would be willing to base its gas cost on the 12-month strip and

adjust accordingly through a quarterly gas cost adjustment.

PERSON RESPONSIBLE: Kim Lockhart

f. Explain whether the expenses shown for Vehicle Maintenance, Billing, Administration,

Postage & Office Expense, Well and Road Repairs, and Depreciation are based on actual

expenses from November 1, 2018, through October 31, 2019, or estimates. If the expenses

are actuals, identify and describe any allocations from affiliated entities or unregulated

business segments. If the expenses are estimates, describe the process used to estimate

expenses.

RESPONSE:

Vehicle Maintenance: Vehicle gas is an actual expense. The average gas cost for this employee is

\$120.00 per week times fifty weeks (assuming a two week vacation). I originally reported one

Page 3 of 17

hundred percent; this should be corrected to sixty percent, which results in an expense of

\$3,600.00.

Billing: The office accountant that performs the billing, etc. for these customers is paid \$20.00 per

hour. She estimates that she works twelve hours per month on farm tap customers. The original

rate request rounded from \$2,880.00 (twelve hours a month multiplied by twelve months in a year)

to \$2,900.00. See the amended proposed rate worksheet (attached to the end of request 1) reflecting

this correction.

Administration: The office administrator is paid \$36.00 per hour. This estimate is based on five to

six hours per month multiplied by twelve months, which equals \$2,228.00.

Postage and Office Expenses: This number is based on actual expenses during the November 1,

2018 through October 31, 2019 period.

Well and Road Repairs: This number is based on actual expenses during the November 1, 2018

through October 31, 2019 period. However, one expenditure was determined to be non-recurring

in nature; therefore, the amount is corrected to \$2,400.00 on the amended proposed rate. See the

amended proposed rate worksheet (attached to the end of request 1).

Depreciation: The amount of depreciation is based on the cost, class life and function of the

equipment currently being depreciated.

PERSON RESPONSIBLE: Kim Lockhart

g. Explain why expenses for Well and Road Repairs should be recovered from farm tap

customers. Include in the explanation a discussion of how these expenses are allocated

to/from affiliated entities or unregulated business segments.

Page 4 of 17

RESPONSE:

The description "Well and Road Repairs" is used to cover all other expenses relating to the customers. The truck used by the employee has to have periodic maintenance, charts for the wells providing the gas to the customers, another person had to be paid to assist with work, etc. An estimate of \$200.00 per month is being used in this revision. See the amended proposed rate worksheet (attached to the end of request 1). No affiliated entity expenses are included or expenses for unregulated business segments.

PERSON RESPONSIBLE: Kim Lockhart

h. Confirm that expenses related to services recovered through non-recurring charges (i.e., seasonal or temporary turn on, reconnection, meter relocation, returned check, initial tap on, etc.) are not included in base rates. If this cannot be confirmed, provide the amounts and location of those expenses.

RESPONSE:

Expenses related to services recovered through non-recurring charges are not included in base rates, and the company would incur additional expenses through delivering those services.

PERSON RESPONSIBLE: Kim Lockhart

 Provide the basis for yearly sales of 4,377 Mcf and explain whether any farm tap customers are non-residential. If not, explain why the calculated monthly usage of approximately 7.3 Mcf is reasonable.

RESPONSE:

Four thousand three hundred and seventy-seven Mcf were used during the November 1, 2018-October 31, 2019 period. Bethany Christian Mission School used an average of fifty-two Mcf per month included in the total of 4,377 Mcf.

PERSON RESPONSIBLE: Kim Lockhart

j. State whether Troublesome Creek will be subject to federal and state income taxes. If so, explain why no provision for income taxes is included in the rate calculation.

RESPONSE:

Troublesome Creek is a flow-through entity that generally subjects its owner or owners to tax at an individual income tax rate(s). Based on current marginal rates and projections, the owner will be subject to a twenty-nine percent rate for federal and state income taxes. The estimated amount of tax incurred or benefit derived used on an annual basis is \$2,538.66 (\$8,754.00 multiplied by twenty-nine percent). An income tax provision has been added to the amended proposed rate. See the amended proposed rate worksheet (attached to the end of request 1).

PERSON RESPONSIBLE: Kim Lockhart

k. Explain why Troublesome Creek did not include a provision for margins in its rate calculation.

RESPONSE:

The explanation in 1(e) above covers the provision for margins in the rate calculation; however, it was titled foregone revenue (revenue that would be available if the gas was sold at market). The tax on that revenue is now listed as explained in 1(j) above.

PERSON RESPONSIBLE: Kim Lockhart

1. State whether Troublesome Creek is currently or will be required to odorize its system to comply with 807 KAR 5:026, Section 6(12). If so, identify any expenses for compliance and briefly explain how the gas will be odorized.

RESPONSE:

Troublesome Creek does not odorize or anticipate being required to odorize its system. The gas traveling through Troublesome Creek pipelines is naturally odorized and has not been stripped or treated in any manner.

CHARLES R BRADLEY						
TROUBLESOME CREEK GAS CORPORATION						
RESIDENTIAL CUSTOMER EXPENSES						
11/01/2018-10/31/2019 EXPENSES AM	IENDED		ANNUAL			
GROSS WAGES (\$16/HR X 2080= 33280.00 x 60)%)+\$2,000 OT		21,968.00			
EMPLOYEE BENEFITS/EXPENSES:						
HEALTH INSURANCE (900.78x12x60%)		6,486.00				
WORKERS COMPENSATION (SEE NOTE #1 c)		767.00				
PAYROLL TAXES (FICA, KUCC & FUTA- SEE NOTE	#1 d)	2,127.00	9,380.00			
FOREGONE REVENUE (4377 X \$2)			0 754 00			
VEHICLE GAS (500 x 12 x 60%)			8,754.00			
BILLING			3,600.00 2,880.00			
ADMINISTRATION			2,228.00			
POSTAGE & OFFICE EXPENSE			1,300.00			
WELL AND ROAD REPAIRS			2,400.00			
INCOME TAX PROVISION			2,538.00			
DEPRECIATION			2,336.00			
(TRUCK 1200/YR+EQUIP 2000/YR)			3,200.00			
		-	58,248.00			
SUBTRACT (\$15 MONTHLY FEE X 50 CUSTOMERS	X 12 MTHS)			חוויוחר חיי	FOLIALG	
(, == the think is a second with	7 X 12 WIII 15 J		(9,000.00)			2 25 STHOMPS
			49,248.00	4377	1	11.25
					PROPOS	FD
					RATE	
					AMEND	ED

REQUEST 2

Refer to the Executed Tariff.

a. Explain the basis for Troublesome Creek's proposed monthly customer charge of \$15.

RESPONSE:

A monthly customer service charge will allow Troublesome Creek to continue services to its

customers during those months when customer usage is low, so that consistent and reliable services

can be maintained without placing burdens on its customer base.

PERSON RESPONSIBLE: Kim Lockhart

b. Provide the cost support for each of the following:

(1) Seasonal or Temporary Turn On Fee of \$50;

RESPONSE:

The time involved for the employee to turn on the gas will be approximately two hours multiplied

by \$16.00 plus additional expenses estimated for record keeping and vehicle gas of \$18.00 per

service trip. This is not included in his wages listed for the rate.

PERSON RESPONSIBLE: Kim Lockhart

(2) Relocate Meter of \$150;

RESPONSE:

The time involved for the employee will be approximately four hours multiplied by \$16.00 plus

the usage of materials and vehicle gas estimated at \$86.00 per service trip.

PERSON RESPONSIBLE: Kim Lockhart

(3) Transfer Service Fee of \$30;

RESPONSE:

The cost for the administrator to revise the service records and billing records is estimated at \$30.00.

PERSON RESPONSIBLE: Kim Lockhart

(4) Returned Check Charge of \$30;

RESPONSE:

The bank charges a returned check fee, the accountant has to do the bookkeeping and mail the customer a notice and postage.

PERSON RESPONSIBLE: Kim Lockhart

(5) Service Trip Charge of \$50;

RESPONSE:

The time involved for the employee to perform the service is estimated to be two hours multiplied by \$16.00 plus the usage of materials and vehicle gas estimated at \$18.00.

PERSON RESPONSIBLE: Kim Lockhart

(6) Special Meter Reading Charge of \$50; and

RESPONSE:

The time involved for the employee to meet with the customer and perform the special meter reading is estimated to be two hours multiplied by \$16.00 plus vehicle gas estimated at \$18.00.

PERSON RESPONSIBLE: Kim Lockhart

(7) Meter Test Fee of \$225.

RESPONSE:

The meter test fee of \$225.00 includes disconnecting the meter, having it tested and reconnecting the meter.

Troublesome Creek Gas Corporation Case No. 2019-00467

Commission Staff's Initial Request for Information

PERSON RESPONSIBLE: Kim Lockhart

c. Confirm that the Special Meter Reading Charge will not be assessed if the original meter

reading was incorrect. If this cannot be confirmed, please explain.

RESPONSE:

If the original meter reading is incorrect, there will not be a special meter reading charge.

PERSON RESPONSIBLE: Kim Lockhart

d. Confirm that Troublesome Creek will not provide gas service to any person other than the

owner of the property on or over which any of Troublesome Creek's producing well or gas

gathering pipeline is located or the owner of real estate whose property and point of desired

service is located within one-half air mile of Troublesome Creek's producing gas well or

gas gathering pipeline. If this cannot be confirmed, explain.

RESPONSE:

Troublesome Creek confirms.

Troublesome Creek Gas Corporation Case No. 2019-00467

Commission Staff's Initial Request for Information

REQUEST 3

Refer to the application for Gas Service. Explain why terms of service sections after Refusal of

Service are not included in Troublesome Creek's proposed tariff.

RESPONSE:

Troublesome Creek deemed the terms and conditions sections after Refusal of Service to be

applicable only to the Application for Gas Service. All the terms and conditions in the Application

abide by KRS 278.485. As stated in the proposed tariff, all gas service rendered by Troublesome

Creek will be in accordance with KRS 278.485 and all applicable rules and regulations established

by the Public Service Commission of Kentucky. Troublesome Creek included only the rates, rules

and regulations for furnishing natural gas in the proposed tariff.

REQUEST 4

Provide the heating content of Troublesome Creek's gas in BTUs and any supporting workpapers.

RESPONSE:

The BTU for Troublesome Creek gas is 1,072.505 (analysis attached).

Basin Energy

Holly Creek Production

Data File Name C:\LabSolutions\Data\Natural gases\2020-01-29 ng\20001802.gcd

Output Date 1/29/2020
Output Time 11:01:16 AM

Type 0

Generated 1/29/2020 10:18

Generated by Ross Boyd

Modified 1/29/2020 11:01

Modified by Ross Boyd

1	2	Gross Heating	Gross Heating	Gasoline		į.
	Normalized	Value	Value	Content	Specific	Wobba
COMPONENT	Mole Percent	(BTU/ft3)	(BTU/lb)	(gal/1000ft3)	Gravity	Index
C02	0.11992%	0.000	0.00	0.000	0.001822	0
ETHANE	8.29039%	146.715	2633.07	2.211	0.086071	500.09
N2	12.80290%	0.000	0.00	0.000	0.123833	0
METHANE	71.89218%	726.111	13031.93	0.000	0.398225	1150.6
PROPANE	4.51034%	113.485	2036.78	1.239	0.068674	433.05
I-BUTANE	0.39972%	12.998	233.29	0.130	0.008022	145.13
N-BUTANE	1.34392%	43.843	786.88	0.423	0.026970	266.97
NEOPENTANE	0.00000%	0.000	0.00	0.000	0.000000	0
I-PENTANE	0.23767%	9.509	170.66	0.087	0.005921	123.58
N-PENTANE	0.09831%	12.213	219.19	0.110	0.007589	140.19
HEXANE+	0.09831%	4.675	83.91	0.040	0.002925	86.447
TOTAL	99.794%	1069.550	19196	4.239	0.7301	1251.8

COMPRESSIBILITY	=	0.9972	Average	Wobbe	Index	Value		=	258.	74
							F	RACTION		
DRY BTU (IDEAI) =	1069.550					C6	1		
DRY'BTU (REAI) =	1072.505					C7	0		
							C8	0		
SATURATED BTU (IDEA	T) =	1050.892								
SATURATED BTU (REAL	,) =	1054.168								- 1
UNNORMALIZED TOTAL PERCE	NT =	100.000%								

AVERAGE MOLAR MASS = 21.144

NOTES: IDEAL VALUES NOT CORRECTED FOR COMPRESSIBILITY

REAL VALUES CORRECTED FOR COMPRESSIBILITY

STD CONDITIONS: 14.696 PSIA & SP. GR. @ AIR = 0.9995

GAS CONSTANTS FOR C6+ (C6, C7, C8) ARE FOR N-HEXANE, N-HEPTANE, N-OCTANE

ACCURACY IS TO 1 PART IN 1000 (EXTRA DIGITS FOR ROUNDING)

CALCULATIONS ARE BASED UPON DRY ANALYSIS

REQUEST 5

State whether Troublesome Creek currently provides gas service for compensation. If so, provide

a schedule of any rates, rules, regulations, or conditions of service currently in effect.

RESPONSE:

Troublesome Creek purchased wells and gathering lines from Holly Creek Production Corporation

("Holly Creek"). Since then, Troublesome Creek has utilized Holly Creek's Rates, Rules and

Regulations for Furnishing Gas (Holly Creek tariff attached).

Holly Creek Production Corporation

•	P. S. C. Ky. No
	Ronguris dictional
-	- January
•	
HOLLY CREEK DRODUCTION CORROLL	OF
HOLLY CREEK PRODUCTION CORPORATION,	Campton, Kentucky
Potes Della VE	Y
Rates, Rules and Regu	dations for Furnishing
GA	<u>'5</u>
' A	
	•
	· ·
Filed with PUBLIC SERV	VICE COMMISSION OF
KENTI	
March 15 76	March 15 76
D	March 15 76 EFFECTIVE
CHECKED	
NOV _6 1976	HOLLY CHEEK DE COMME
	SUED BY HOLLY CREEK PRODUCTION CORPORATIO
ENGINEERING DOASON	(Name of Utility)

CARLETON D. BEH, JR.

For: Entire Service Area

Holly Creek Production Corporation

P.S.C. KY No. 1 First Revised Sheet No. 1

Canceling P.S.C. KY. No. 1 First Sheet No. 1

RATES AND CHARGES

First 2 MCF per month at \$10.69 per MCF

\$21.38 minimum bill (I)

All volumes over 2 MCF per month

\$10.69 per MCF

(I)

Date of Issue: June 4, 2007

Effective Date: May 31, 2007

Issued By:

Carleton D. Beh, Jr.

Title:

President

By the Authority of Order of the Public Service Commission In Case No. 2007-007 dated May 31, 2007

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 5/31/2007

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Executive Director

REQUEST 6

State whether Troublesome Creek provides any customer with free gas service, including customers who receive free gas service as a result of lease or right-of-way agreements. If so,

provide the number and average annual usage for these customers.

RESPONSE:

Troublesome Creek has fifty-five free customers with an annual usage of 3,606 Mcf. In addition

to that amount, there are twenty customers who are not currently metered.

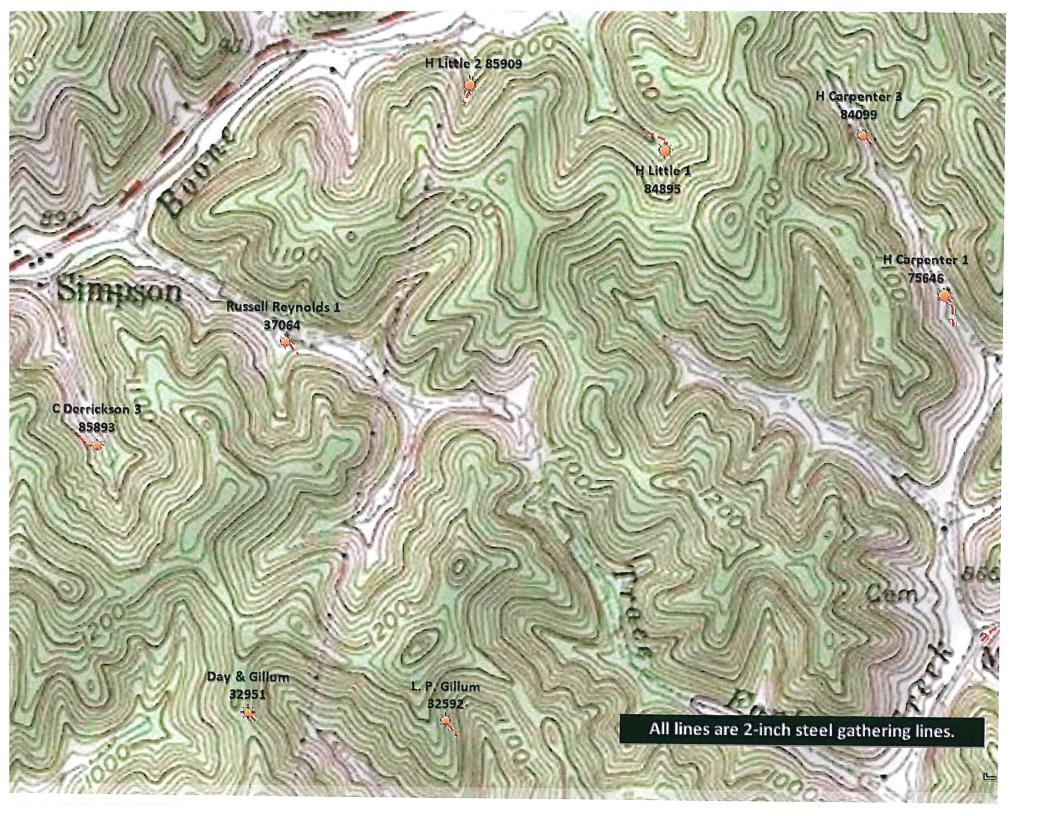
PERSON RESPONSIBLE: Kim Lockhart

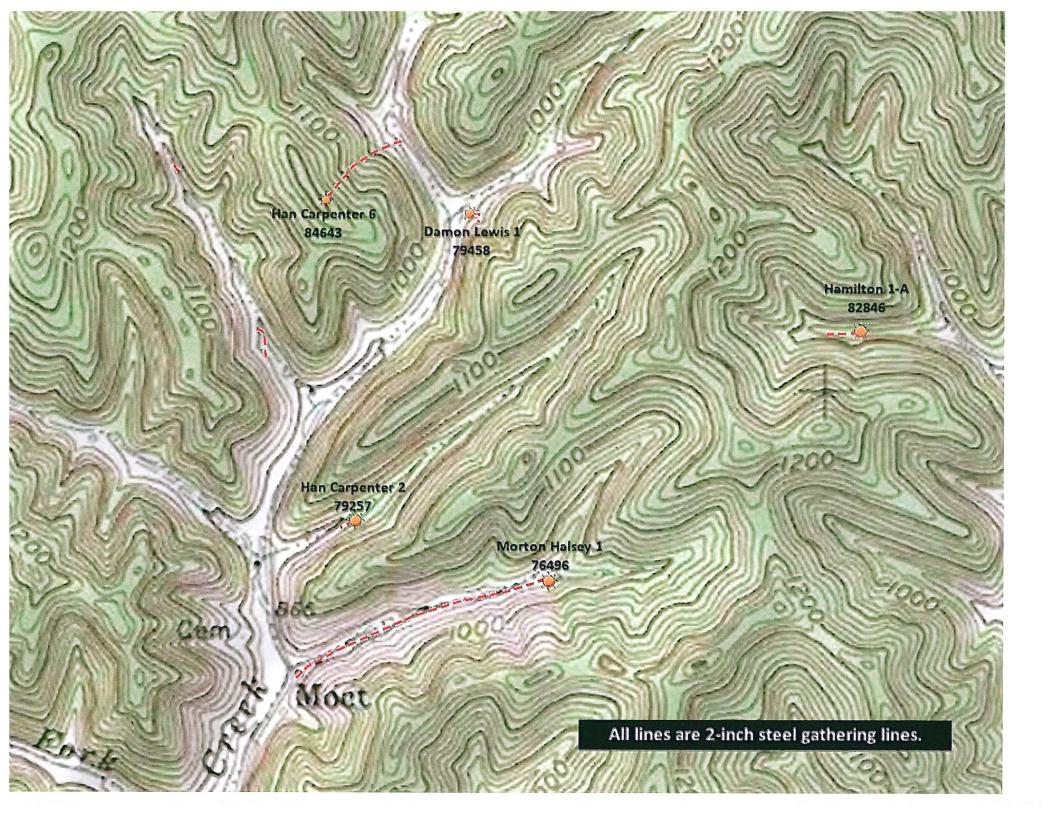
REQUEST 7

Provide a system map or maps that show Troublesome Creek's natural gas system, including the location, size, category, and material of lines and the location of producing wells.

RESPONSE:

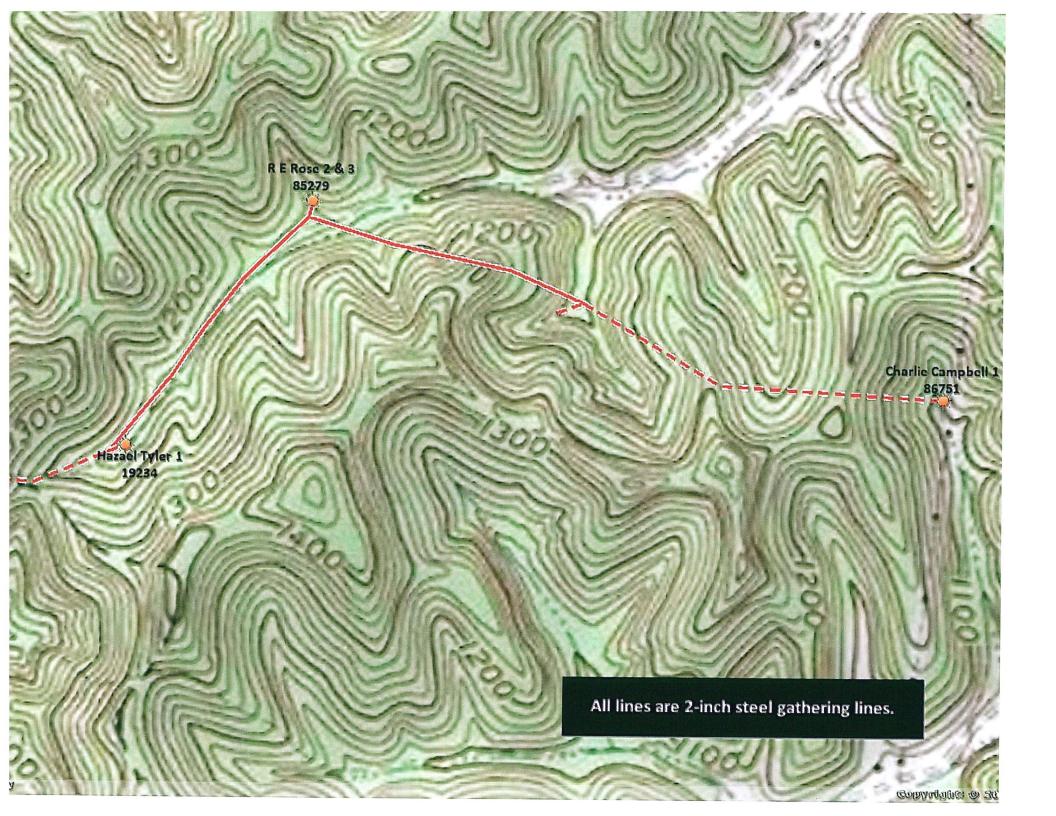
See maps attached.





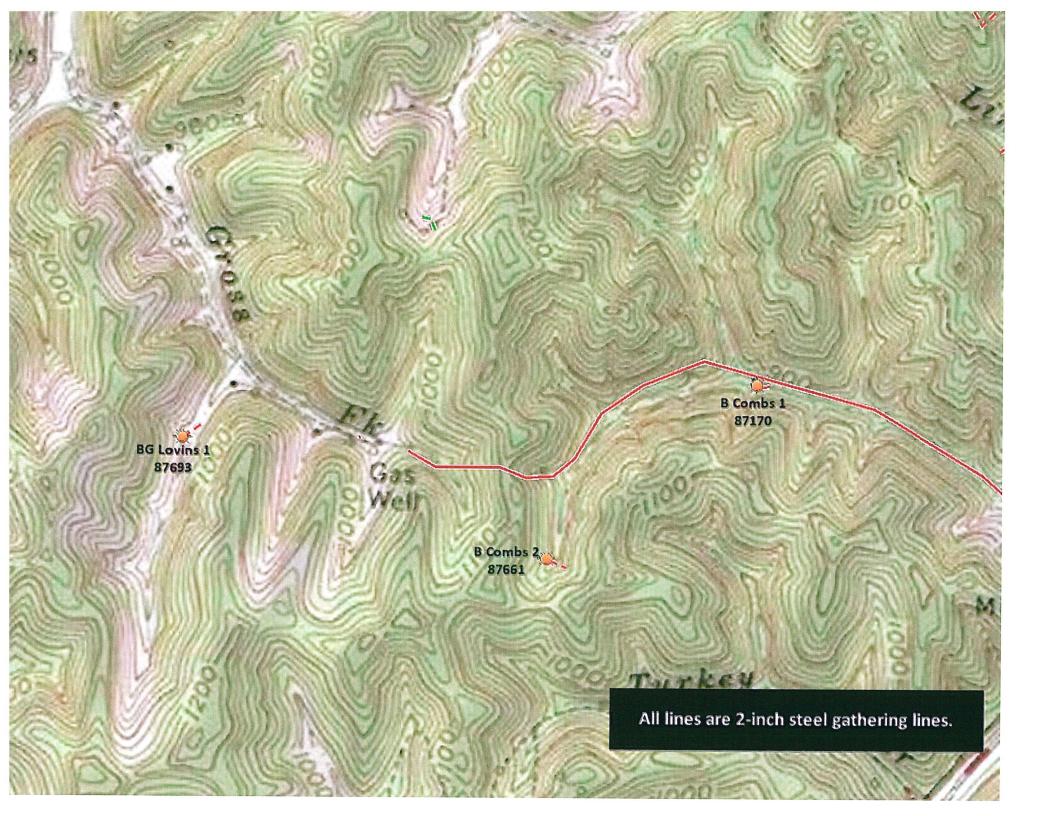


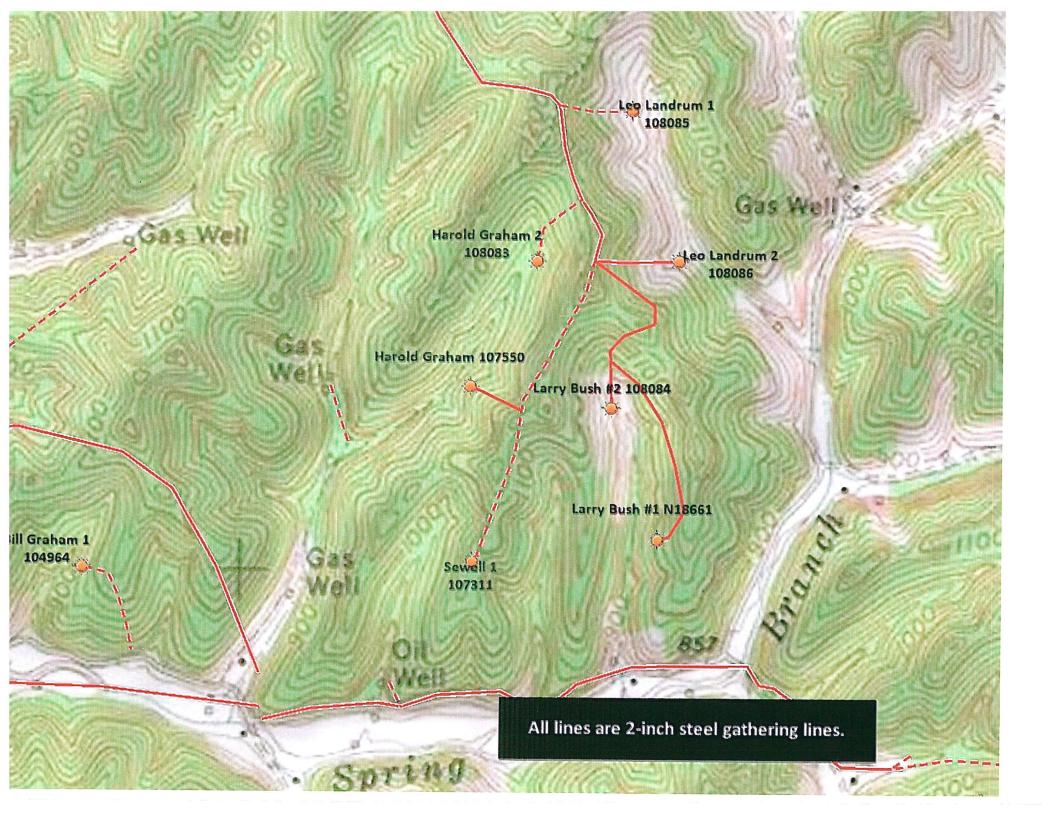






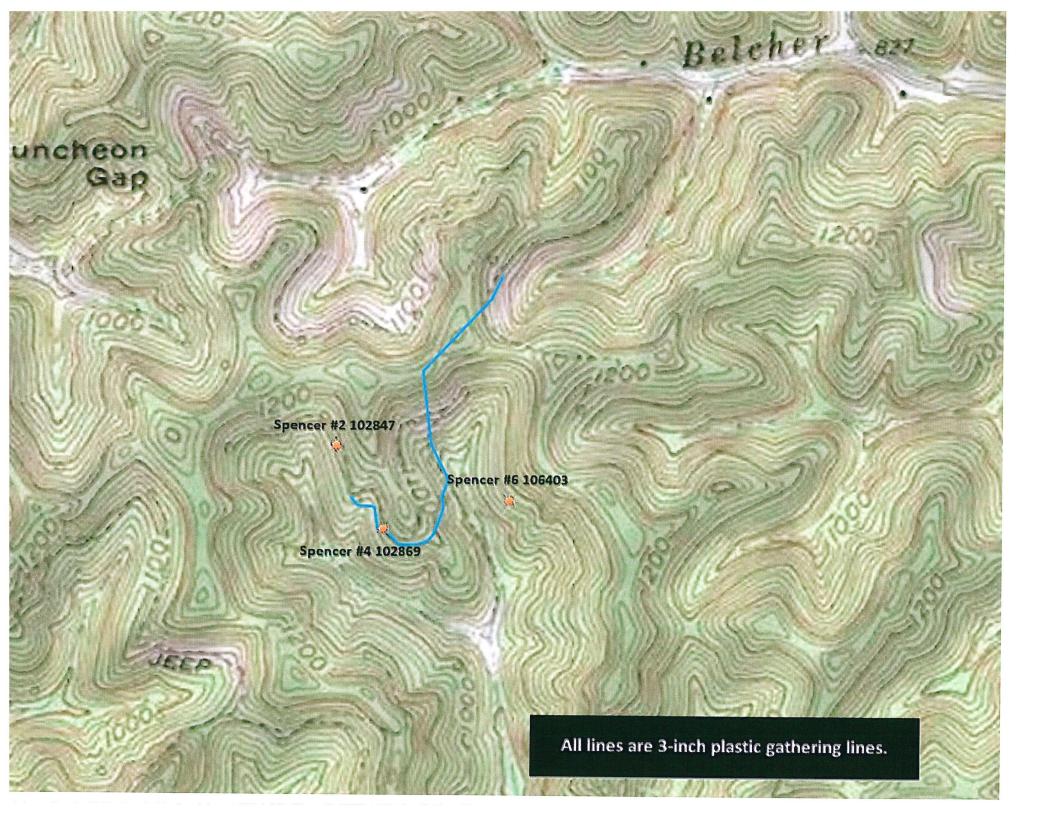


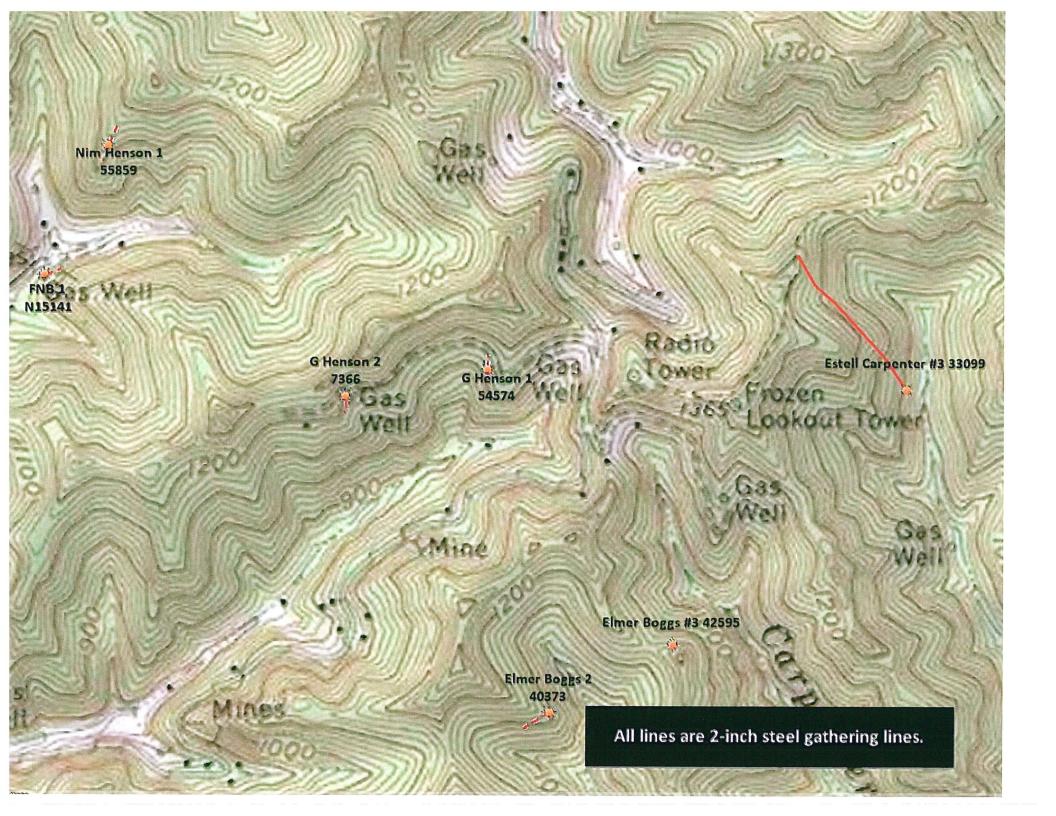


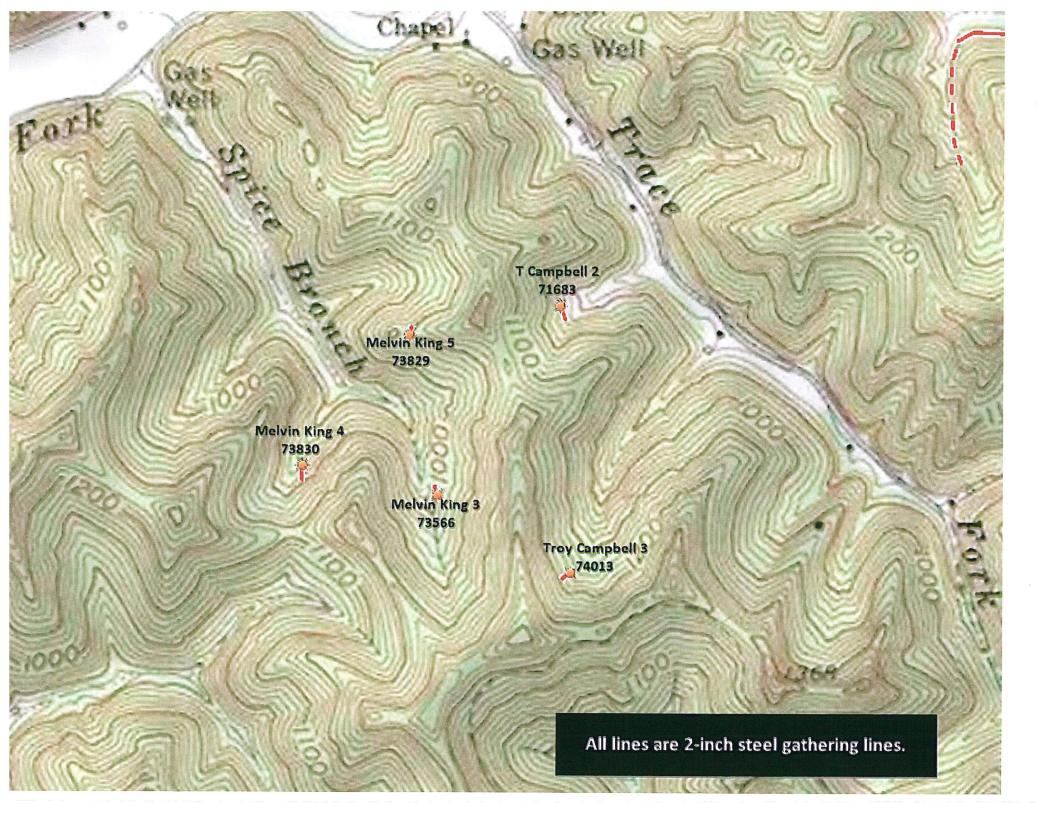


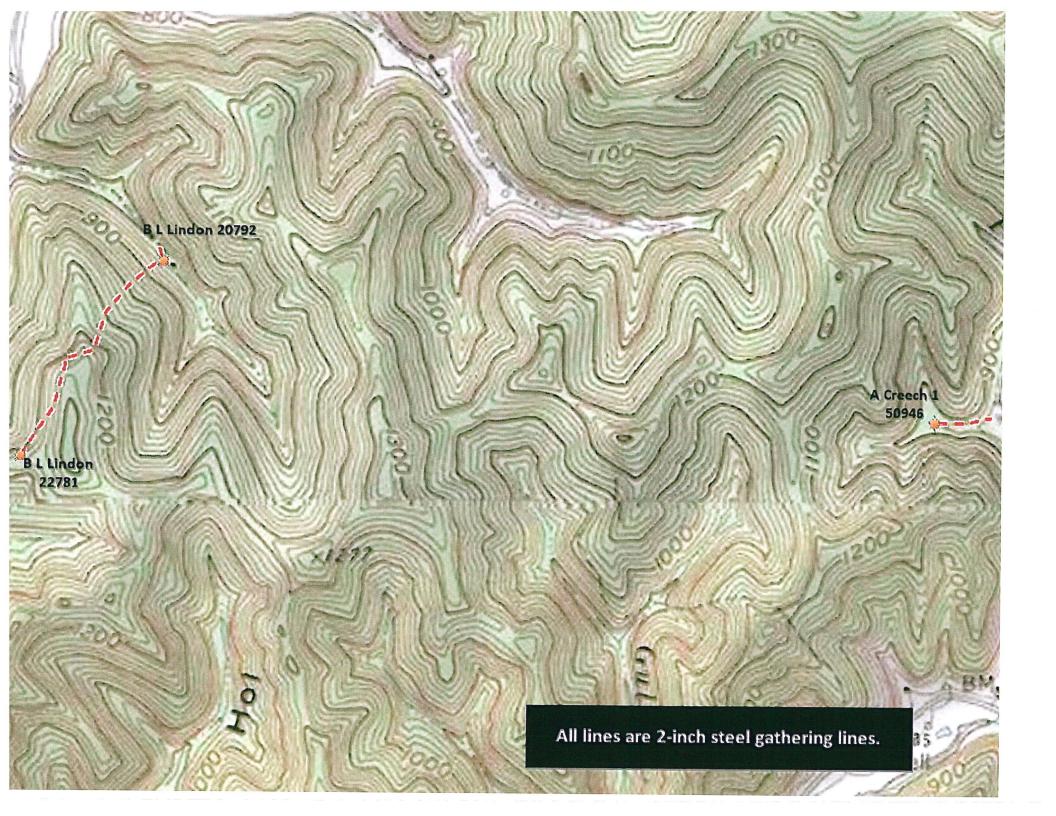


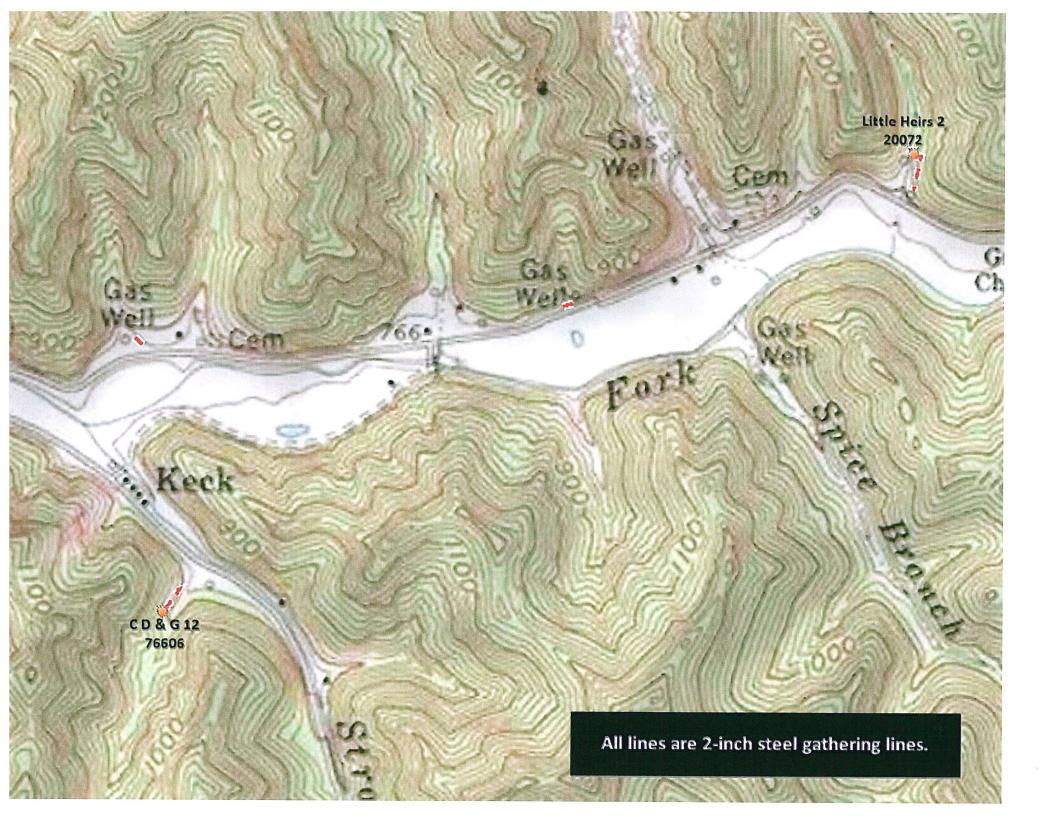


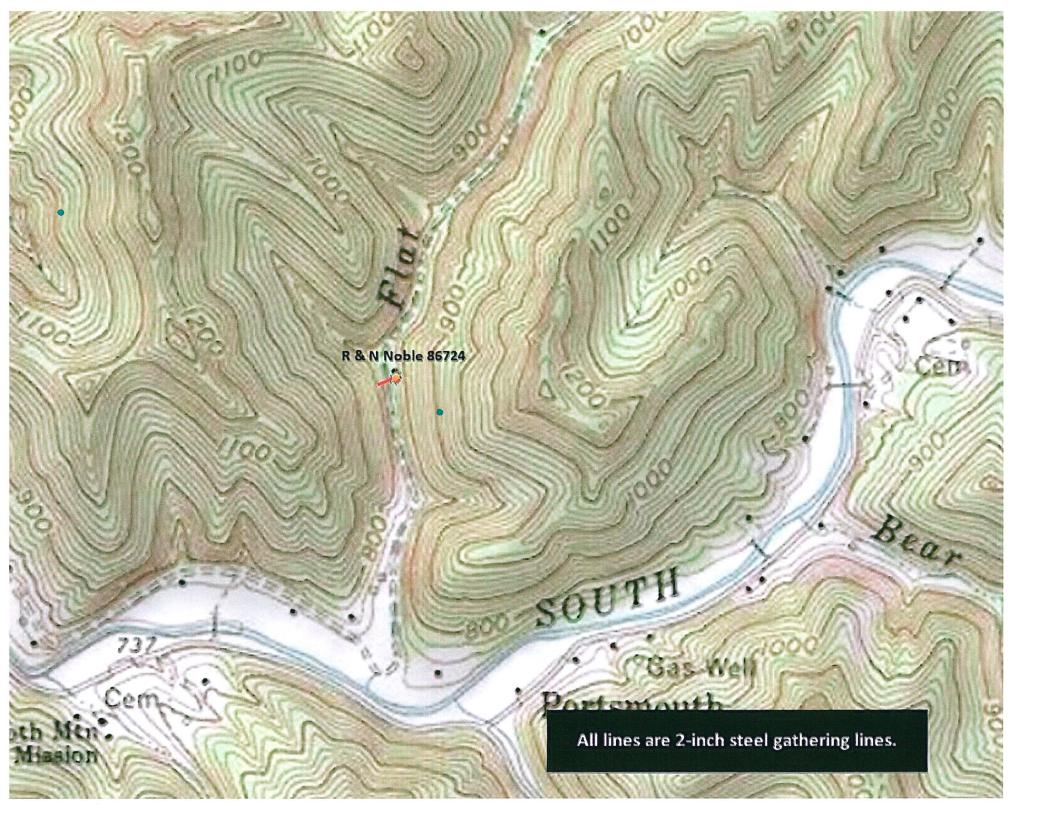


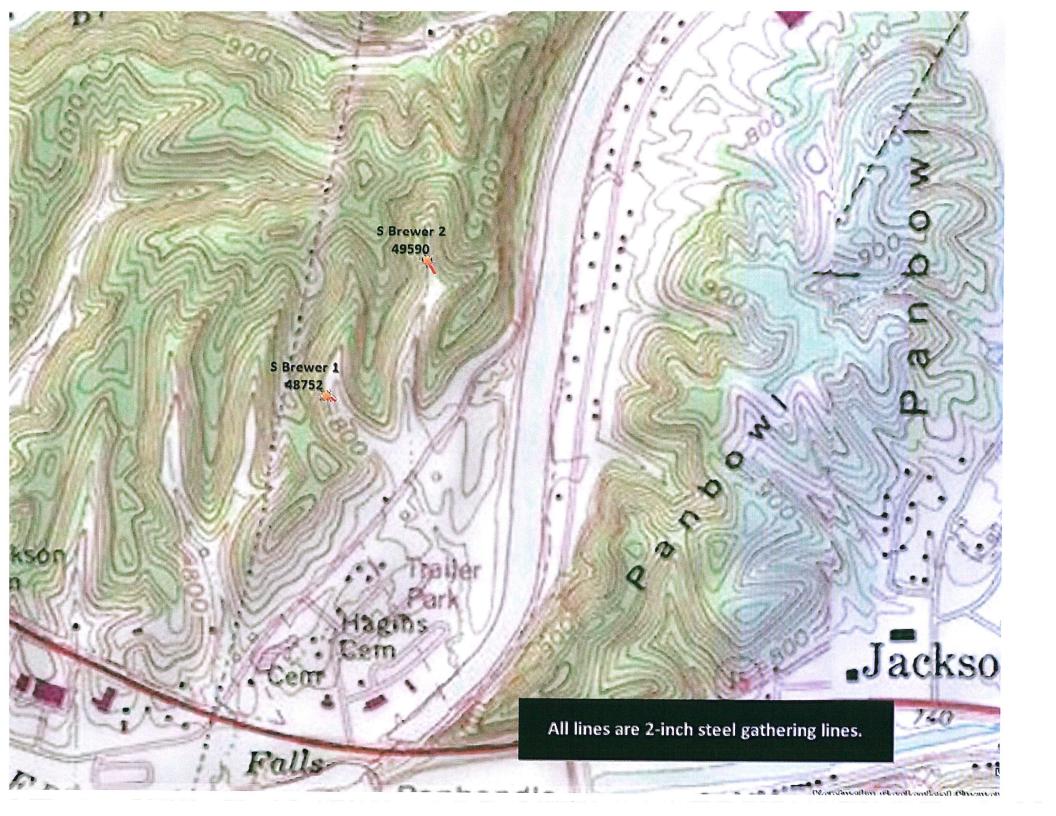


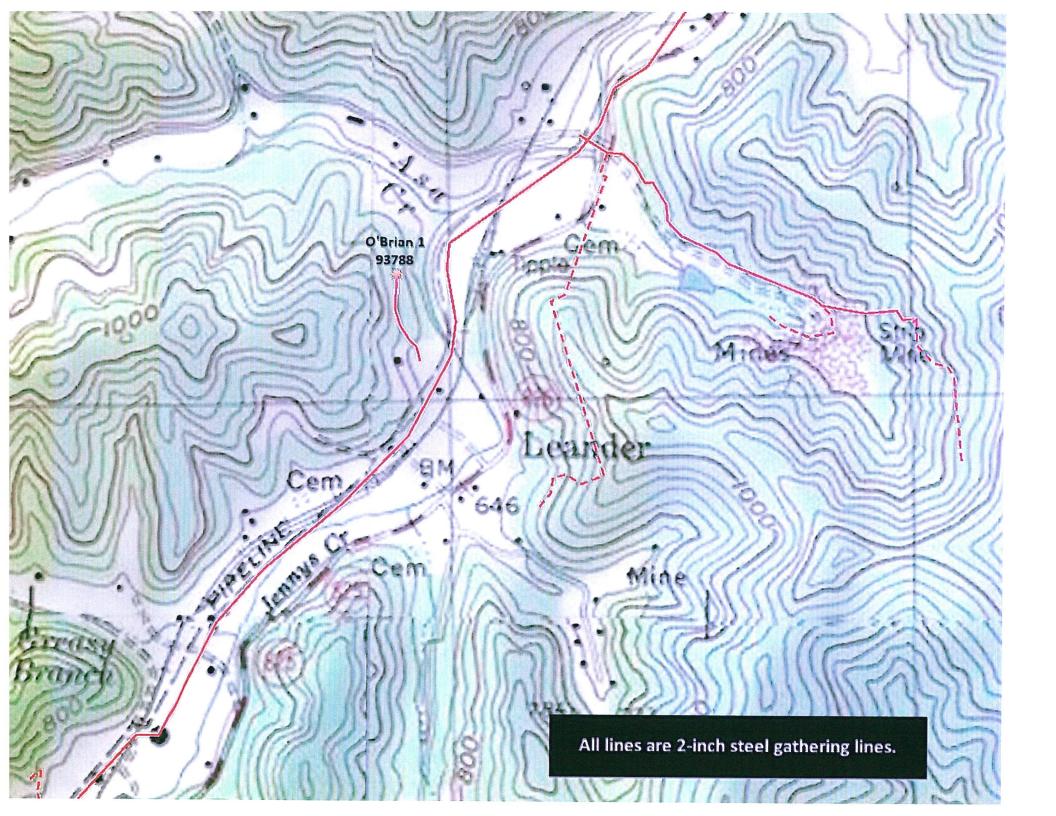


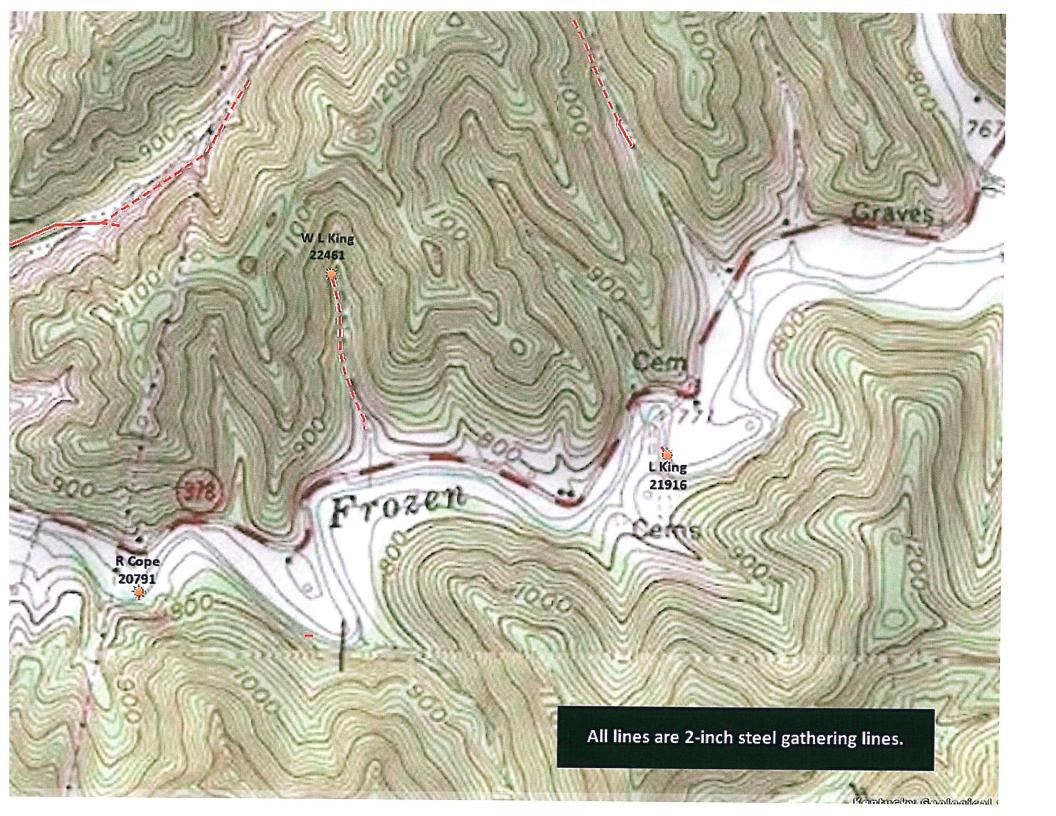


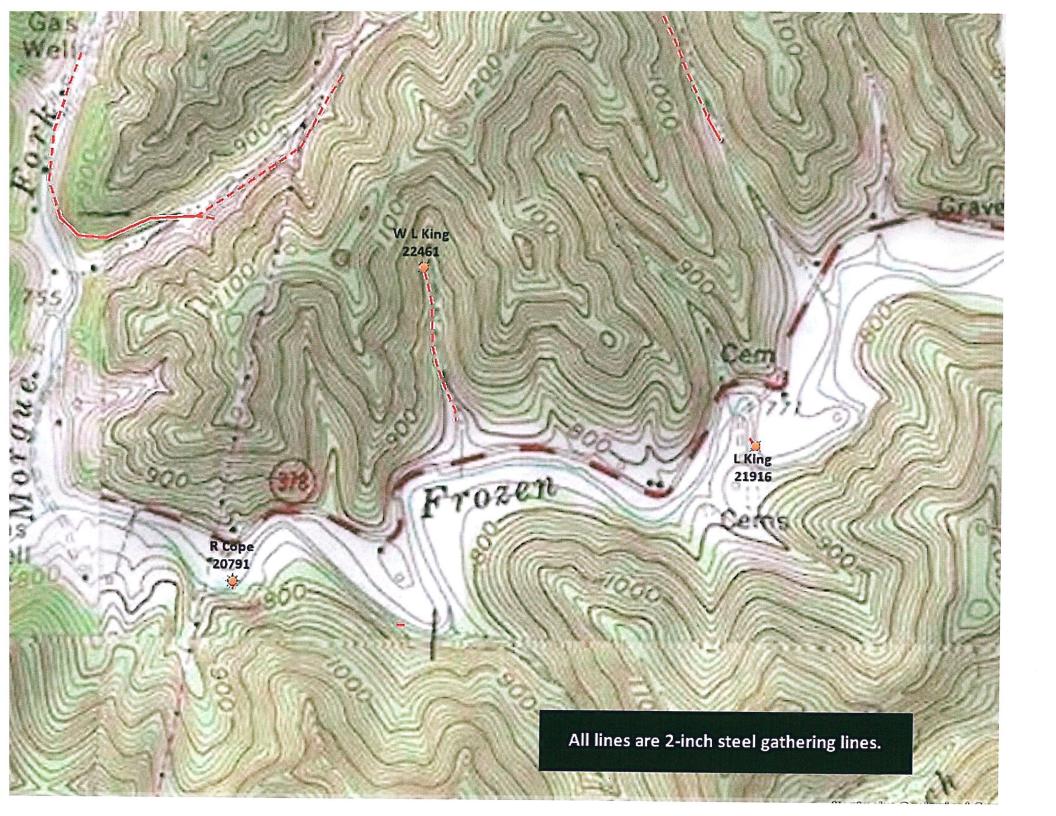






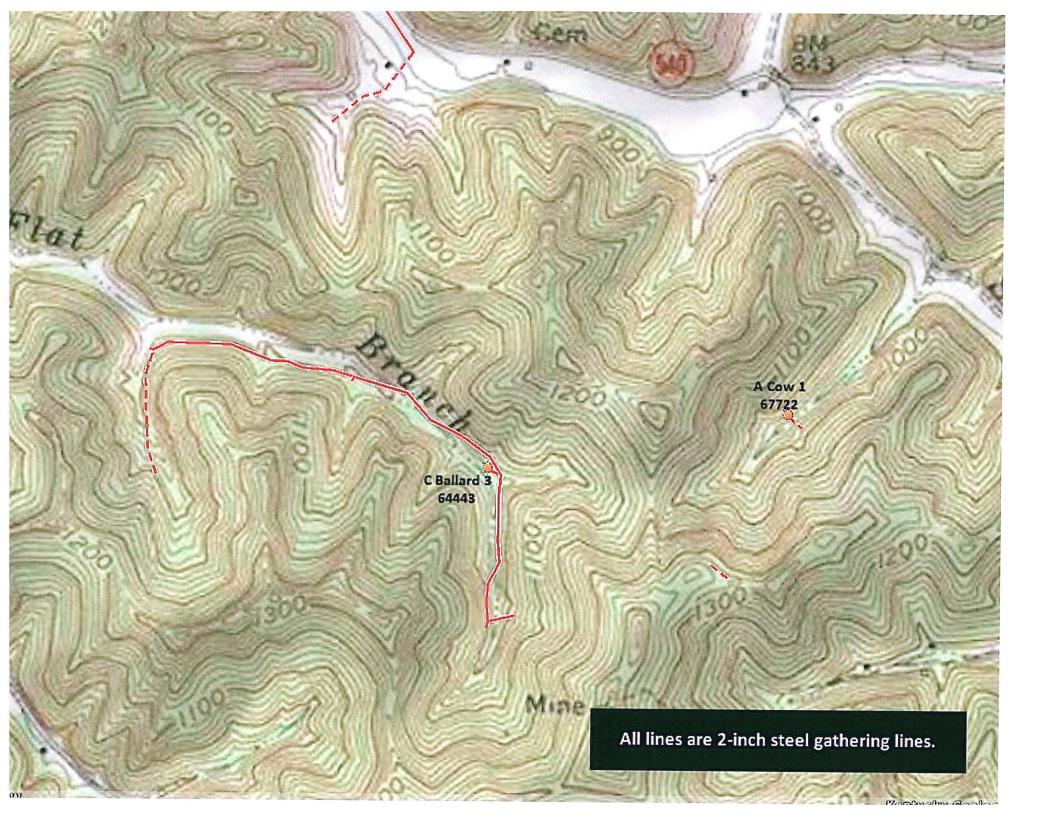






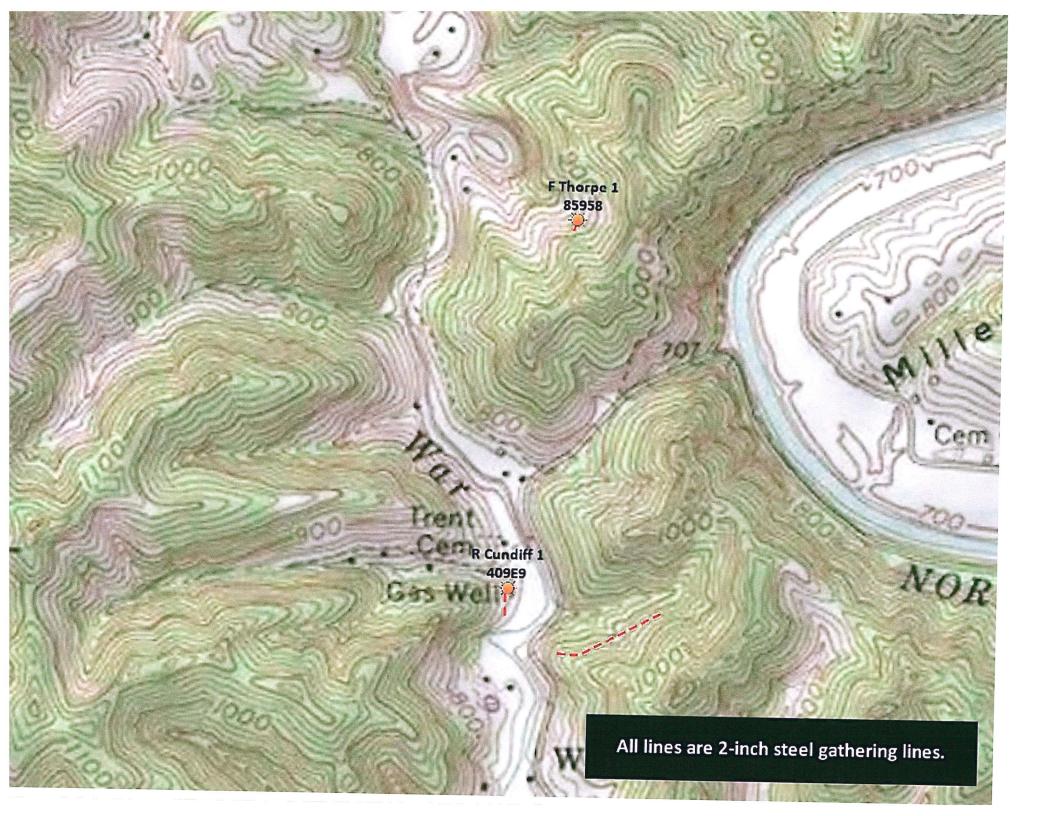




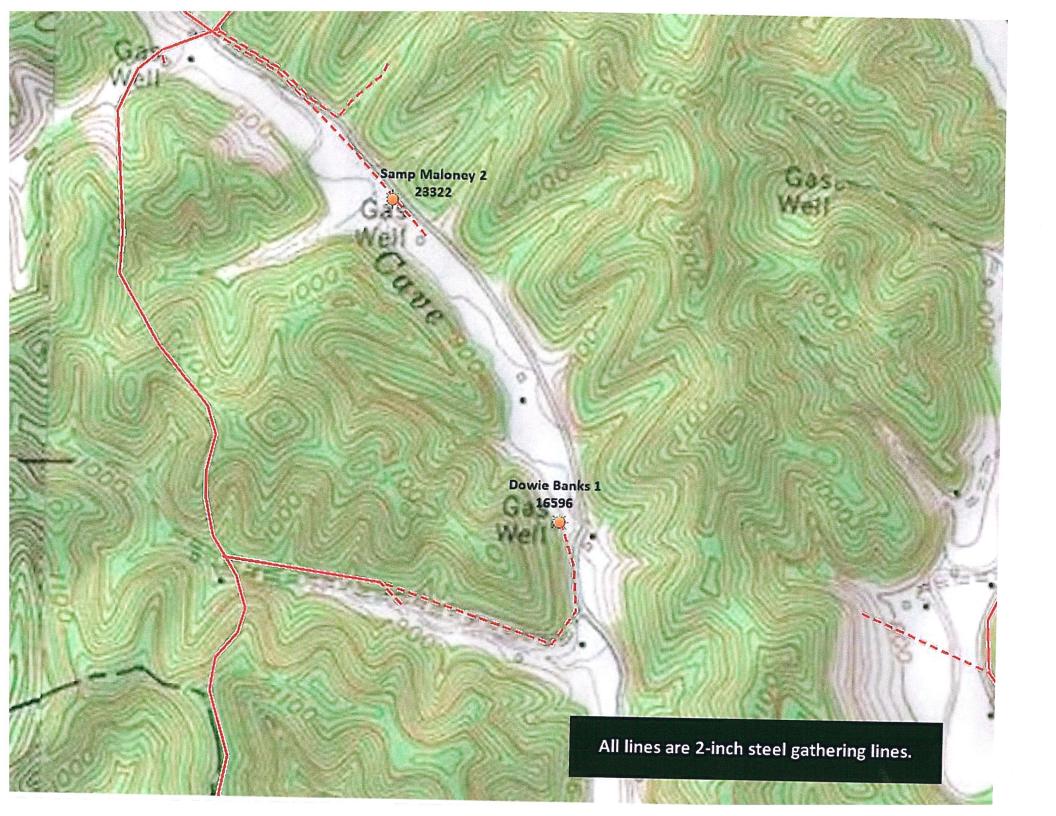












Troublesome Creek Gas Corporation Case No. 2019-00467

Commission Staff's Initial Request for Information

REQUEST 8

Provide a general description of Troublesome Creek's gas system, including the date(s) of

construction and ultimate market for gathered gas.

RESPONSE:

Troublesome Creek gas system consists of the wells and gathering pipelines it purchased from

Holly Creek and eighteen new wells that were drilled since that purchase. Approximately nine of

the 18 new wells are active. To the best of my knowledge, the original system was built out in the

1960s. When the field was first developed, Holly Creek owned the production facilities and what

is now the Jefferson Gas, LLC ("Jefferson") pipeline. The pipelines Troublesome Creek now owns

is the gathering system used to receive gas at the wells and deliver that gas to the Jefferson pipeline.

The ultimate market for the gathered gas is Jefferson.

PERSON RESPONSIBLE: Charles R. Bradley

Page 16 of 17

Troublesome Creek Gas Corporation Case No. 2019-00467 Commission Staff's Initial Request for Information

REQUEST 9

State whether Troublesome Creek has any operator qualifications or operations and maintenance plans or performs leakage or patrolling surveys. If so, provide the details.

RESPONSE:

No, as a production company, Troublesome Creek is not required to perform these tasks.

PERSON RESPONSIBLE: Charles R. Bradley

VERIFICATION

	MONWEALTH OF KENTUCKY)	SS:
duly, a	The undersigned, Charles R. Bradley, owner		
	worn, deposes and says that he has person ing Answers to Commission Staff's Initial Re		
contair	ned therein is true and accurate to the best of	his kno	wledge, information and belief.
2020.	Subscribed and sworn to before me by Char	rles R. E	arles R. Bradley, Affiant Bradley on this 10 day of February, OTARY PUBLIC

My Commission Expires: 9-23-2022

VERIFICATION

COMMONWEALTH OF KENTUCKY		
COUNTY OF FLOYD	S	SS:
The undersigned, Kim Lockhart, accountant	for Tr	oublesome Creek Gas Corporation,
being duly sworn, deposes and says that she has perso	nal kno	wledge of the matters set forth in the
foregoing Answers to Commission Staff's Initial Requ	est for I	nformation, and that the information
contained therein is true and accurate to the best of he	r knowl	edge, information and belief.
	Kim I	Lockhart, Affiant
Subscribed and sworn to before me by Kim Lo	ckhart c	on this Aday of February, 2020.
	NOTA	RY PUBLIC
My Commission Expires	:	9-23-2022