

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

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

IN THE MATTER OF:

ELECTRONIC APPLICATION OF TROUBLESOME	:	CASE NO.
CREEK GAS CORPORATION FOR INITIAL RULES,	:	2019-00467
REGULATIONS, AND RATES FOR FURNISHING	:	
GAS SERVICE PURSUANT TO KRS 278.485	:	

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

REQUEST 1

Refer to the application for Gas Service, page 7 of 12, paragraph 2. Confirm that the late payment charge will be assessed only once on a bill for rendered services.

RESPONSE:

Correct, there will only be one late charge assessed per billing cycle.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 2

Refer to the application for Gas Service, page 7 of 12, F. Budget Billing Plan. Provide the details of the Budget Billing Plan.

RESPONSE:

Residential customers may elect to pay monthly bills for service on a Budget Billing Plan. Customers indebted to Company shall not qualify until arrearage is paid in full. Customer shall make an application and sign a payment agreement for Budget Billing, acknowledging average usage and the calculated monthly payment. The monthly amount to be paid under Budget Billing is calculated from the past twelve months' gas usage at the current gas rate, divided by 11 and rounded to the nearest dollar. When the past twelve months' gas usage is unavailable, the calculation will be made using an estimate of twelve months of gas usage for a similarly situated customer. Said monthly payment shall be made for eleven successive months beginning with the July billing month. The twelfth month's payment is a settlement amount equal to the difference between the total of the prior eleven months' payments and the actual billings for the twelve month period. If the settlement amount is a credit balance, the Company will issue a check to the Customer in the amount of the credit balance, or the Customer may elect to have the credit applied to future billings. If the settlement amount is a debit balance owed by the Customer, the total balance will be due and payable on the due date shown on the bill for the settlement month, except that in the event the debit balance exceeds \$100, the Customer may elect to pay the debit over a two month period with at least one half of the total debit balance payable in the settlement month. The Customer may continue on the Budget Billing Plan for succeeding years, in which case the settlement month for each year will occur in twelve month cycles starting with the beginning month. If a Customer electing Budget Billing Plan fails to pay the budget billing obligation in any

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month, normal collection procedures shall be applicable for the outstanding budget billing amount.

Upon termination of service of a Customer on the Budget Billing Plan, the entire balance amount of the account for actual usage shall be due and payable either by the Customer to Company if a debit balance exists or shall be refunded by Company to Customer if a credit balance exists.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 3

Refer to the application for Gas Service, page 8 of 12, third line of L. Reconnection Fee. Explain what is meant by collection fee and indicate why a collection fee amount is not included in the proposed tariff.

RESPONSE: The collection fees refer to fees listed in the proposed tariff that could be applicable to a customer account that has been terminated due to failure to pay bills for service such as the late payment charge (10%), returned check charge (\$30.00), and service trip charge (\$50.00 for any trip made to collect delinquent bills or terminate service).

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 4

Refer to the application for Gas Service, page 9 of 12, number two under 0. Diversion of Natural Gas. Explain what is included in the cost of collection of the previous bills.

RESPONSE: The cost of collection of previous bills will include the late payment charge and, if applicable, a returned check charge, a service trip charge, and a reconnection fee.

PERSON RESPONSIBLE: Kim Lockhart

REQUEST 5

Refer to Troublesome Creek's response to Commission Staff's First Request for Information (Staff's First Request), Items 1(g) and 1(h).

- a. Explain why providing customers with charts of gas wells should not be included in the initial tap fee.

RESPONSE: The initial tap fee of \$150.00 only covers the cost of purchasing the meter and accessories needed to connect the meter to Troublesome Creek's line. Current gas meters (not included accessories) are around \$164.00. Charts are processed (checked, sent to R.L. Laughlin) and replaced on a monthly basis. Chart processing is an ongoing expense. R.L. Laughlin currently charges \$3.85 per chart reading. Chart readings provide Troublesome Creek with safety information relating to the pressure on the system.

PERSON RESPONSIBLE: Kim Lockhart

- b. List the services and equipment that are provided to customers associated with the initial tap fee.

RESPONSE: The initial tap fee (\$150) includes the cost of the meter and the necessary accessories to hook the meter to Troublesome Creek's line and labor associated with installation of the meter. Automatic gas regulators and service lines will be paid for, installed, maintained, and repaired by the customer.

PERSON RESPONSIBLE: Charles R. Bradley

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REQUEST 6

Refer to Troublesome Creek's response to Staff's First Request, Item 1(i). Explain whether Troublesome Creek has considered creating customer classes to differentiate between customers with significantly different usage levels.

RESPONSE: No, Troublesome Creek has not considered creating customer classes.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 7

Refer to Troublesome Creek's response to Staff's First Request, Item 1(j). Confirm that, because state income taxes are deductible for federal income tax purposes, the composite tax rate is 24.95 percent as opposed to the 29 percent provided in this response.

RESPONSE: Due to the passage of the 2017 Tax Cut Jobs Act, Charles R. Bradley receives no benefit from the state tax deduction from the flow-through entity, Troublesome Creek. Hence, the 29 percent is accurate.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 8

Refer to Troublesome Creek's response to Staff's First Request, Item 2(a). Provide support for Troublesome Creek's proposed customer charge of \$15.

RESPONSE: The \$15 customer charge was calculated by 1.5 Mcfs (based on the proposed amended rate of \$11.25)(\$11.25 multiplied by 1.5 is \$16.875 rounded down to the nearest five is \$15.00). This number 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

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REQUEST 9

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(1). Provide cost support for the \$18 for recordkeeping and vehicle gas.

RESPONSE: The truck the field agent drives gets eight miles per gallon. It is estimated that he uses three gallons of gas round trip to service farm tap customers. Troublesome Creek averages that a gallon of gas is \$2.50. Three multiplied by \$2.50 equals \$7.50 in gas. The accountant who does that recordkeeping makes \$20 an hour. It would take her thirty minutes to do the recordkeeping associated with a seasonal or temporary turn on, which equals \$10.00 for recordkeeping. Fifty cents was allocated to office supplies, such as the cost of a stamp to send the bill to the customer.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 10

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(2). Provide cost support for the \$86 for materials and vehicle gas.

RESPONSE: See attachment for material and vehicle gas breakdown.

PERSON RESPONSIBLE: Kim Lockhart

Troublesome Creek Gas Corporation
 Request for Information
 Question #10

Provide cost support for the \$86 for materials and vehicle gas.

Item	Quantity	Total
Cost	Used	Cost
1 inch standard elbow	3.15	4 12.60
1 inch standard street ell	4.40	2 8.80
Thread Tape	17.50	0.4 7.00
4 inch nipple	2.75	2 5.50
6 inch nipple	3.95	4 15.80
1 inch cs valve	24.50	1 24.50
		<u>74.20</u>
KY Sales Tax		0.06
		<u>4.45</u>
Minimum Supplies needed to relocate meter		78.65
Vehicle Gas (3 gallons @ 2.50/gal)		<u>7.50</u>
Question #10 ROUNDED TO \$86		<u>86.15</u>

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REQUEST 11

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(3). Provide cost support for the \$30 transfer service fee.

RESPONSE: The accountant is paid \$20 an hour. It will take ninety minutes for the accountant to discuss the matter with the field agent and/or customer, update the computer and hard files of the customer, mail the new customer the gas application, and bill the transfer service fee to the new customer.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 12

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(4). Provide cost support for the \$30 returned check charge.

RESPONSE: The accountant is paid \$20 per hour. It will take the accountant 1 hour and 15 minutes to process a returned check, which equals \$25. The process to return a check includes posting the check, calling the customer, revising the computer and hard files of the customer, rebilling the customer, documenting the rebill, and sending the bill. Additionally, the bank currently charges a \$3 return check fee. Postage is fifty cents. Office supplies (paper, ink, checks, envelopes, etc.) for this service are estimated at \$2.00.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 13

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(5). Provide cost support for the \$18 for materials and vehicle gas.

RESPONSE: A service trip will be made to collect delinquent bills or terminate service. In both events, the field agent will have to purchase a 1-inch lock valve and a lock at a cost of \$45.00 (\$40.00 for the 1 inch lock valve and \$5 for a lock).

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 14

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(6). Provide cost support for the \$18 for vehicle gas.

RESPONSE: After further review, Troublesome Creek would like to amend the Special Meter Reading Charge of \$50.00 to \$39.50. On average it would be a roundtrip of twenty-four miles, which would utilize three gallons of gas. Troublesome Creek estimates gas at \$2.50 a gallon. Three gallons multiplied by \$2.50 is \$7.50 plus 2 hours for the employee to perform the service (employee makes \$16 a hour) equals \$39.50.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 15

Refer to Troublesome Creek's response to Staff's First Request, Item 2(b)(7). Provide cost support for the \$225-meter-test fee.

RESPONSE: Testing the meter would require our field agent to travel to the location of the meter, retrieve the meter, and take it to a third-party for testing. It is estimated that it would take the field agent 2 hours roundtrip to take the meter to a third-party for testing. The field agent makes \$16 per hour, which equals \$32. Based on Troublesome Creek research, on average, testing a house meter would cost a minimum of \$200.

PERSON RESPONSIBLE: Kim Lockhart

REQUEST 16

Refer to Troublesome Creek's response to Staff's First Request, Item 5.

- a. Provide the date that Troublesome Creek acquired Holly Creek Production Corporation's (Holly Creek) system.

RESPONSE: March 1, 2014

PERSON RESPONSIBLE: Kim Lockhart

- b. Explain why Troublesome Creek did not adopt Holly Creek's filed tariff at the time it acquired Holly Creek's system.

RESPONSE: It is my understanding that the General Manager (retired August 2017), whose responsibility it would have been to adopt or file a tariff, was unaware that he had to adopt Holly Creek's filed tariff. I know he asked Holly Creek for permission to use its tariff.

PERSON RESPONSIBLE: Charles R. Bradley

- c. Provide the number of Troublesome Creek's current customers that are not legacy Holly Creek customers.

RESPONSE: There are seven new customers. Additionally, there are three customers who were hooked up at the time of acquisition that were not paying but are paying customers now.

PERSON RESPONSIBLE: Kim Lockhart

- d. Explain whether Troublesome Creek provided customer notice of the proposed rate increase.

RESPONSE: No, Troublesome Creek inadvertently has not sent a notice. However, after further review of the 807 KAR 5:026 Section 9(1)(d), Troublesome Creek realizes it was supposed to file a notice twenty days prior to the submission of its proposed tariff to the Commission.

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PERSON RESPONSIBLE: Charles R. Bradley

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REQUEST 17

Refer to Troublesome Creek's response to Staff's First Request, Item 6. Explain whether free or unmetered customers are included in Troublesome Creek's customer count, customer usage, expenses, or proposed rates. If so, identify those amounts.

RESPONSE: Free and unmetered customers are not included in Troublesome Creek's customer count, customer usage, or proposed rates.

PERSON RESPONSIBLE: Kim Lockhart

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REQUEST 18

Refer to Troublesome Creek's response to Staff's First Request, Item 8. Confirm that Troublesome Creek sells all gas gathered, and not used by farm tap customers, to Jefferson Gas, LLC (Jefferson). State whether Jefferson is an affiliate company to Troublesome Creek. Explain the basis for how Troublesome Creek is compensated for gas sold to Jefferson (i.e., by Mcf, flat monthly fee, royalty payment, etc.).

RESPONSE: Correct, Troublesome Creek sells all gas gathered, and not used by farm tap customers, to Jefferson Gas, LLC (Jefferson). No, Jefferson is not an affiliate company to Troublesome Creek. Troublesome Creek is compensated for gas sold to Jefferson in Mcfs.

PERSON RESPONSIBLE: Kim Lockhart

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF FLOYD)

The undersigned, Charles R. Bradley, owner of Troublesome Creek Gas Corporation, being duly sworn, deposes and says that he has personal knowledge of the matters set forth in the foregoing Answers to Commission Staff's Second Request for Information, and that the information contained therein is true and accurate to the best of his knowledge, information and belief.

Charles R. Bradley
Charles R. Bradley, Affiant

Subscribed and sworn to before me by Charles R. Bradley on this 6 day of March, 2020.

Denna E. Dalton
NOTARY PUBLIC #D#626791

My Commission Expires: 7-12-2023

VERIFICATION

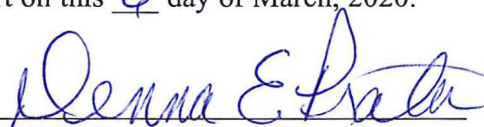
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF FLOYD)

The undersigned, Kim Lockhart, accountant for Troublesome Creek Gas Corporation, being duly sworn, deposes and says that she has personal knowledge of the matters set forth in the foregoing Answers to Commission Staff's Second Request for Information, and that the information contained therein is true and accurate to the best of her knowledge, information and belief.



Kim Lockhart, Affiant

Subscribed and sworn to before me by Kim Lockhart on this 4 day of March, 2020.



NOTARY PUBLIC

My Commission Expires: 7-12-2023