

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 1:

Refer to the proposed tariff, Section II, Rates and Charges, subsection c., Other Charges. Provide cost support for the 10 percent late-payment penalty.

Response No. 1:

The 10 percent late payment penalty was deemed sufficient to serve as a deterrent to late payment and it was recently approved by the Commission in Case No. 2019-00467.

Responding Witness: Monica Sturgill

Request No. 2: Refer to Natural Gas Services' response to Commission Staff's First Request for Information (Staff's First Request), Item 1(a).

- a. Explain whether the labor associated with these services is already included in Natural Gas Services' calculation of its monthly customer charge and commodity rate.
- b. Explain why the Seasonal or Temporary Turn-On Fee is double the amount of the reconnection fee.
- c. Explain why it takes two hours to turn on the gas for a seasonal or temporary turn-on.
- d. Explain the procedure followed to transfer service from one occupant to another.
- e. Regarding the service trip charge, the response seems to indicate that the service trip would involve repairs. However, the tariff indicates that the fee would be charged for any trip made to collect delinquent bills or terminate service. Explain the discrepancy.
- f. Also refer to Natural Gas Services' response to Staff's First Request, Item 7. Explain why it would take 1.5 to 2 hours to perform a special meter reading when Natural Gas Services indicates that it takes its maintenance employee 45 minutes to read the meter. However, the tariff indicates that the fee would be charged for any trip made to collect delinquent bills or terminate service. Explain the discrepancy.

Response No. 2:

- a. Yes, labor is included in the calculation of monthly customer charge, per Applicant's response to PSC Initial Request for Information, Request No. 7. Yes, monthly customer charge includes labor, per the worksheet provided with the initial tariffs.
- b. This fee accounts for both turning on and off service to the customer, not just the initial reconnection.

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

- c. Much of this accounts for the time required to travel to and from the service location. The service territory covers a large and rural portion of Eastern Kentucky, making the average travel time approximately 45 minutes each way. Thus, the two-hour time accounts for 45 minutes travel to the location, 30 minutes to connect service, and 45 minutes in return travel.
- d. Both occupants must call the office or send a registered letter requesting transfer within 10 business days of each other.
- e. Collection on delinquent bills would only occur if the customer offered to pay the bill upon the employee arriving to terminate service. The process for terminating service is to provide notice that service will be terminated unless payment is made, and then to send an employee out to terminate service. No service trips will be made exclusively for the purpose of collecting delinquent bills.
- f. The minimum bill assumes the employee will read multiple meters in the same trip, creating travel time efficiencies. A special meter reading, wherein a single meter is read, prevents this efficient usage of travel time. Thus, monthly meter reading was estimated to take 45 minutes per meter reading but a single, special meter reading would likely take 2 hours.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 3:

Refer to Natural Gas Services' response to Staff's First Request, Item 2.

- a. State whether Natural Gas Services found that any other supplier of farm tap service had this provision in its tariff.
- b. Refer also to Natural Gas Services' response to Staff's First Request, Item 13. Explain whether Natural Gas Services or Hay Exploration, Inc. (Hay Exploration) determines whether the gathering lines have sufficient supply to connect additional customers. The wells feeding the house gas are old. Most could not withstand many more connections. Hay Exploration will let NGS know if volume is available.

Response No. 3:

- a. Yes, Kentucky Frontier Gas LLC, Rules and Regulations, paragraph A(3) on Sheet No. 8 ("The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.").
- b. Hay Exploration, in consultation with NGS, will make the determination whether the gathering lines have sufficient supply to connect additional customers.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 4:

Refer to Natural Gas Services' response to Staff's First Request, Item 3(c). Explain why KRS 413.120 should not apply in instances of overcollections.

Response No. 4:

NGS is willing to use whatever timeframe the Commission deems appropriate and legal. NGS does not object to 5 years per KRS 413.120 if that is the Commission's recommendation.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 5:

Refer to Natural Gas Services' response to Staff's First Request for Information, Item 4(a).

- a. Explain whether Natural Gas Services will test a meter it considers to be defective to ensure it is defective before billing the customer based on estimated usage.
- b. Given the seasonal nature of natural gas usage, explain whether Natural Gas Services would automatically test or pull the meter for any account with the usage variances described or whether these variance guidelines are a starting point for an investigation.

Response No. 5:

- a. If the meter read is close (within 10%) of the objective variation then it would be tested prior to billing the customer based on estimated usage.
- b. The seasonal nature of gas usage was accounted for in setting the standard. If a high variance is detected, NGS would first inquire with the customer whether any significant changes in usage have taken place.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 6:

Refer to Natural Gas Services' response to Staff's First Request, Item 5(b). Explain how it was determined that a meter relocate would take six hours, and explain the procedure followed to relocate the meter.

Response No. 6:

NGS originally estimated a meter relocate would require two laborers approximately 3 hours each, thus NGS estimated 6 hours of total labor. After reconsidering this estimate, NGS now estimates a meter relocation would involve the following activities and corresponding time requirements: travel time to the meter (45 minutes), locate and mark line (15 mins.), dig out existing line and dig new trench (45 mins.), relocate and reinstall the line and meter (60 mins.), and then reclamation of site (30 mins.), and travel time back (45mins). NGS now estimates labor requirement at 8 hours total, for a labor cost of \$203.52. Mileage for vehicles and usage of the excavator is estimated at \$.056/mile and roughly \$30/hour respectively. Based on these estimates, NGS now proposes to revise its meter relocation fee to \$250.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 7:

Refer to Natural Gas Services' response to Staff's First Request, Items 7 and 9. Confirm that monthly administrative and meter reading costs are included in the customer charge and volumetric rate. If this cannot be confirmed, explain.

Response No. 7:

Confirmed.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 8:

Refer to Natural Gas Services' response to Staff's First Request, Items 9(a) and (b). Provide an update to the proposed gas cost based on the current 12-month NYMEX strip and Appalachian differential.

Response No. 8:

See below.

Responding Witness: Monica Sturgill

Access to NYMEX Pricing Data

NYMEX pricing data helps Constellation natural gas customers strategically procure and manage their natural gas supply.

* Quotes below are on a 15 minute delay.

Last refreshed at **05:25:15 PM EST on December 19, 2021.**

Market data provided by ICE Data Services.

Natural Gas Forward Pricing : Monthly				
Month	Price	Change(\$)	Change(%)	LastSettle
Jan-22	\$3.678	-0.012	-0.33%	\$3.69
Feb-22	\$3.628	-0.011	-0.3%	\$3.639
Mar-22	\$3.53	-0.004	-0.11%	\$3.534
Apr-22	\$3.483	-0.002	-0.06%	\$3.485
May-22	\$3.503	-0.002	-0.06%	\$3.505
Jun-22	\$3.553	-0.001	-0.03%	\$3.554
Jul-22	\$3.607	0.0	0.0%	\$3.607
Aug-22	\$3.627	0.002	0.06%	\$3.625
Sep-22	\$3.614	0.0	0.0%	\$3.614
Oct-22	\$3.648	0.002	0.05%	\$3.646
Nov-22	\$3.752	0.0	0.0%	\$3.752
Dec-22	\$3.935	0.004	0.1%	\$3.931
Jan-23	\$4.023	0.003	0.07%	\$4.02
Feb-23	\$3.931	0.004	0.1%	\$3.927
Mar-23	\$3.655	0.0	0.0%	\$3.655
Apr-23	\$3.109	0.008	0.26%	\$3.101
May-23	\$3.054	0.009	0.3%	\$3.045
Jun-23	\$3.091	0.0	0.0%	\$3.091
Jul-23	\$3.142	0.0	0.0%	\$3.142
Aug-23	\$3.16	0.0	0.0%	\$3.16
Sep-23	\$3.152	0.0	0.0%	\$3.152
Oct-23	\$3.188	0.0	0.0%	\$3.188
Nov-23	\$3.307	0.0	0.0%	\$3.307
Dec-23	\$3.526	0.0	0.0%	\$3.526

Natural Gas prices are in \$/MMBtu.

Natural Gas Forward Pricing : Strips				
Strip	Price	Change(\$)	Change(%)	LastSettle
12 Mth (Jan22-Dec22)	\$3.63	-0.002	-0.1%	\$3.632
Winter (Jan22-Mar22)	\$3.612	-0.009	-0.2%	\$3.621
Summer (Apr22-Oct22)	\$3.576	0.0	0.0%	\$3.577
Winter (Nov22-Mar23)	\$3.859	0.002	0.1%	\$3.857
Summer (Apr23-Oct23)	\$3.128	0.002	0.1%	\$3.126
Cal 23	\$3.362	0.002	0.1%	\$3.36
Cal 24	\$3.175	0.0	0.0%	\$3.175

Natural Gas prices are in \$/MMBtu.

Other Energy Products				
Product	Price	Change(\$)	Change(%)	LastSettle
Crude Oil prices are in \$/barrel. Heating Oil and Gasoline prices are in \$/gallon. Coal prices are in \$/ton.				

Appalachian Natural Gas Pricing

Month/ Year	NYMEX Final Settle	INSIDE FERC TCO Appal. Index	TCO Basis	INSIDE FERC DTI Appal. Index	DTI Basis	Index Difference TCO-DTI
21-Jan	\$2.470	\$2.040	(\$0.430)	\$1.890	(\$0.580)	\$0.150
21-Feb	\$2.760	\$2.460	(\$0.300)	\$2.320	(\$0.440)	\$0.140
21-Mar	\$2.850	\$2.510	(\$0.340)	\$2.290	(\$0.560)	\$0.220
21-Apr	\$2.590	\$2.120	(\$0.470)	\$1.910	(\$0.680)	\$0.210
21-May	\$2.930	\$2.470	(\$0.460)	\$2.170	(\$0.760)	\$0.300
21-Jun	\$2.980	\$2.550	(\$0.430)	\$2.300	(\$0.680)	\$0.250
21-Jul	\$3.620	\$3.020	(\$0.600)	\$2.690	(\$0.930)	\$0.330
21-Aug	\$4.040	\$3.220	(\$0.820)	\$2.920	(\$1.120)	\$0.300
21-Sep	\$4.370	\$3.650	(\$0.720)	\$3.440	(\$0.930)	\$0.210
21-Oct	\$5.840	\$4.810	(\$1.030)	\$4.560	(\$1.280)	\$0.250
21-Nov	\$6.202	\$5.560	(\$0.642)	\$4.560	(\$1.642)	\$1.000
21-Dec	\$5.068	\$4.950	(\$0.118)	\$4.830	(\$0.238)	\$0.120
2021 AVG	\$3.45	\$2.89	(\$0.56)	\$2.65	(\$0.80)	\$0.24
20-Jan	\$2.160	\$1.820	(\$0.340)	\$1.730	(\$0.430)	\$0.090
20-Feb	\$1.880	\$1.530	(\$0.350)	\$1.460	(\$0.420)	\$0.070
20-Mar	\$1.820	\$1.550	(\$0.270)	\$1.460	(\$0.360)	\$0.090
20-Apr	\$1.630	\$1.340	(\$0.290)	\$1.190	(\$0.440)	\$0.150
20-May	\$1.790	\$1.590	(\$0.200)	\$1.450	(\$0.340)	\$0.140
20-Jun	\$1.720	\$1.470	(\$0.250)	\$1.270	(\$0.450)	\$0.200
20-Jul	\$1.500	\$1.260	(\$0.240)	\$1.160	(\$0.340)	\$0.100
20-Aug	\$1.850	\$1.630	(\$0.220)	\$1.270	(\$0.580)	\$0.360
20-Sep	\$2.580	\$1.700	(\$0.880)	\$1.110	(\$1.470)	\$0.590
20-Oct	\$2.100	\$1.200	(\$0.900)	\$1.000	(\$1.100)	\$0.200
20-Nov	\$3.000	\$2.250	(\$0.750)	\$1.710	(\$1.290)	\$0.540
20-Dec	\$2.900	\$2.050	(\$0.850)	\$1.620	(\$1.280)	\$0.430
2020 AVG	\$2.08	\$1.62	(\$0.46)	\$1.37	(\$0.71)	\$0.25
19-Jan	\$3.640	\$3.400	(\$0.240)	\$3.320	(\$0.320)	\$0.080
19-Feb	\$2.950	\$2.740	(\$0.210)	\$2.710	(\$0.240)	\$0.030
19-Mar	\$2.860	\$2.650	(\$0.210)	\$2.620	(\$0.240)	\$0.030
19-Apr	\$2.710	\$2.480	(\$0.230)	\$2.430	(\$0.280)	\$0.050
19-May	\$2.570	\$2.300	(\$0.270)	\$2.130	(\$0.440)	\$0.170
19-Jun	\$2.630	\$2.320	(\$0.310)	\$2.170	(\$0.460)	\$0.150
19-Jul	\$2.290	\$1.990	(\$0.300)	\$1.920	(\$0.370)	\$0.070
19-Aug	\$2.140	\$1.870	(\$0.270)	\$1.800	(\$0.340)	\$0.070
19-Sep	\$2.250	\$1.890	(\$0.360)	\$1.610	(\$0.640)	\$0.280
19-Oct	\$2.430	\$1.730	(\$0.700)	\$1.350	(\$1.080)	\$0.380
19-Nov	\$2.600	\$2.220	(\$0.380)	\$2.020	(\$0.580)	\$0.200
19-Dec	\$2.470	\$2.130	(\$0.340)	\$2.050	(\$0.420)	\$0.080
2019 AVG	\$2.63	\$2.31	(\$0.32)	\$2.18	(\$0.45)	\$0.13

Month/ Year	NYMEX Final Settle	INSIDE FERC TCO Appal. Index	TCO Basis	INSIDE FERC DTI Appal. Index	DTI Basis	Index Difference TCO-DTI		TCO Demand Charge
2002 AVG	\$3.22	\$3.41	\$0.19	\$3.41	\$0.19	\$0.00	2002	\$0.15
2003 AVG	\$5.39	\$5.65	\$0.26	\$5.95	\$0.56	(\$0.30)	2003	\$0.15
2004 AVG	\$6.14	\$6.39	\$0.26	\$6.49	\$0.35	(\$0.10)	2004	\$0.15
2005 AVG	\$8.62	\$8.88	\$0.26	\$8.97	\$0.35	(\$0.10)	2005	\$0.15
2006 AVG	\$7.23	\$7.48	\$0.25	\$7.55	\$0.32	(\$0.07)	2006	\$0.15
2007 AVG	\$6.86	\$7.12	\$0.26	\$7.22	\$0.36	(\$0.10)	2007	\$0.15
2008 AVG	\$9.04	\$9.39	\$0.35	\$9.53	\$0.49	(\$0.14)	2008	\$0.15
2009 AVG	\$3.99	\$4.18	\$0.19	\$4.27	\$0.28	(\$0.09)	2009	\$0.15
2010 AVG	\$4.39	\$4.54	\$0.14	\$4.59	\$0.19	(\$0.05)	2010	\$0.20
2011 AVG	\$4.04	\$4.14	\$0.10	\$4.20	\$0.16	(\$0.06)	2011	\$0.20
2012 AVG	\$2.79	\$2.79	\$0.00	\$2.79	\$0.00	\$0.01	2012	\$0.20
2013 AVG	\$3.65	\$3.65	\$0.00	\$3.45	(\$0.21)	\$0.21	2013	\$0.20
2014 AVG	\$4.42	\$4.37	(\$0.05)	\$3.28	(\$1.14)	\$1.09	2014	\$0.20
2015 AVG	\$2.66	\$2.55	(\$0.11)	\$1.44	(\$1.22)	\$1.11	2015	\$0.20
2016 AVG	\$2.46	\$2.32	(\$0.14)	\$1.37	(\$1.09)	\$0.95	2016	\$0.20
2017 AVG	\$3.11	\$2.90	(\$0.21)	\$2.23	(\$0.88)	\$0.67	2017	\$0.20
2018 AVG	\$3.09	\$2.86	(\$0.23)	\$2.57	(\$0.52)	\$0.29	2018	\$0.20
2019 AVG	\$2.63	\$2.31	(\$0.32)	\$2.18	(\$0.45)	\$0.13	2019	\$0.20
2020 AVG	\$2.08	\$1.62	(\$0.46)	\$1.37	(\$0.71)	\$0.25	2020	\$0.32
2021 AVG	\$3.45	\$2.89	(\$0.56)	\$2.65	(\$0.80)	\$0.24	2021	\$0.32
2022 AVG	\$3.77	\$3.31	(\$0.46)	\$3.13	(\$0.64)	\$0.18	2022	\$0.32
2023 AVG	\$3.41	\$2.98	(\$0.43)	\$2.77	(\$0.64)	\$0.21	2023	\$0.32
2024 AVG	\$3.18	\$2.73	(\$0.45)	\$2.53	(\$0.65)	\$0.20	2024	\$0.32

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 9:

Refer to Natural Gas Services' response to Staff's First Request, Items 9(d).

a. Confirm that the meter readings referenced are in Mcf (thousand cubic feet) and not Ccf (hundred cubic feet), and that Natural Gas Services expects customers to use this relatively high amount of gas annually.

b. Refer also to Natural Gas Services' response to Staff's First Request, Item 17. State whether Natural Gas Services currently has any customer meters and explain whether Natural Gas Services will confirm that a customer wishes to maintain farm tap service before installing a meter.

Response No. 9:

a. Confirmed. The average is based on actual Mcf readings. Most customers use the gas for more than just heating a small home.

b. Yes, NGS currently has meters that are being serviced without payment. Each customer will be required to fill out an application with the approved tariff terms. If a customer refuses to complete the application they will be disconnected from service.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 10:

Refer to Natural Gas Services' response to Staff's First Request, Item 9(g). Explain whether Natural Gas Services employs anyone in its service territory to respond to emergencies. If not, explain how Natural Gas Services responds to emergencies.

Response No. 10:

The NGS response to First Request, Item 9(g) contains a typo. It should state Ashland, KY, not Ashland, OH. NGS does not employ anyone to respond to emergencies, but NGS does contract for services employees from Hay Exploration. Hay Exploration has employees spread throughout the service territory that can respond in case of emergencies.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 11:

Refer to Natural Gas Services' response to Staff's First Request, Item 9(i). Explain how Natural Gas Services currently accounts for its expenses to serve farm tap customers and explain what services it currently provides to these customers.

Response No. 11:

NGS is currently serving customers, but without any written agreements and without receipt of payment for usage. This is why we are seeking the tariff. NGS has inherited these taps from acquisition and assignment of other companies.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 12:

Refer to Natural Gas Services' response to Staff's First Request, Item 11.

a. Confirm that Natural Gas Services estimated customer count of 110 does not include any of the 78 customers with free gas services. If this cannot be confirmed, provide the total number of customers which Natural Gas Services intends to charge for farm tap service.

b. Confirm that Natural Gas Services has not included expenses related to farm tap customers with free gas service in its proposed rates. If this cannot be confirmed, explain.

Response No. 12:

a. The 110 customer count does include 78 customers with free gas. The free gas stipulations in the lease agreements allow for the free gas customers to receive 200 Mcf per year. After that amount has been used by customer, they agree to be charged at the rate provided by the Commission. Most customers use natural gas as heat, for appliances, for barns, and similar other uses, so usage is high per customer.

b. Confirmed. NGS has only accounted for occupants that are not under a free gas agreement.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 13:

Refer to Natural Gas Services' response to Staff's First Request, Item 12. Explain whether Natural Gas Services will disconnect any customers that are not served pursuant to KRS 287.485.

Response No. 13:

NGS will only provide service pursuant to KRS 278.485 and will disconnect service from any customer receiving service that is not covered by KRS 278.485.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 14:

Refer to Natural Gas Services' response to Staff's First Request, Item 13.

- a. Provide the corporate relationship between Natural Gas Services and Hay Exploration.
- b. Explain if Natural Gas Services is an affiliate of Hay Exploration.
- c. Explain why Natural Gas Services is the entity providing farm tap service given that it does not own the gathering lines or producing wells. Include in this response any agreements with Hay Exploration to provide farm tap service.

Response No. 14:

- a. NGS purchases natural gas and related services from Hay Exploration. They are not affiliated, but do have common ownership.
- b. NGS is not an affiliate of Hay Exploration.
- c. NGS has acquired the farm taps through various corporate acquisitions. A formal agreement between NGS and Hay Exploration has yet to be executed, but will be executed over the next 60 days and will be provided to the Commission at that time.
- d. When there is sufficient gas produced, Hay ultimately sells the gas to the Trans-Canada pipeline.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 15:

Refer to Natural Gas Services' response to Staff's First Request, Item 14. State whether Natural Gas Services is simply fulfilling the obligation of Hay Exploration to provide farm tap service.

Response No. 15:

Hay Exploration was meeting its own requirement to provide farm tap service prior to NGS's acquisition of the farm taps. NGS is undertaking the task of metering each customer, securing approval for tariffs to supply gas, and billing each customer. Other tasks are as provided in the proposed terms, conditions and charges.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 16:

Refer to Natural Gas Services' response to Staff's First Request, Item 15. State whether Hay Exploration has any operator qualifications or operations and maintenance plans or performs leakage or patrolling surveys. If so, provide the details.

Response No. 16:

Hay Exploration has operated since 1999. Hay Exploration employees regularly walk lines, check wells, read meters, and take other actions typically of an O&G operation.

Responding Witness: Monica Sturgill

Natural Gas Services, LLC
Response to Public Service Commission's Second Request for Information
Case No. 2021-00390

Request No. 17:

Refer to Natural Gas Services' response to Staff's First Request, Item 19. Explain why customers would be responsible for odorization of the service line.

Response No. 17:

KRS 278.485(2) places responsibility on the farm tap customer for the construction and maintenance of the service line and all facilities necessary to furnish gas from a gathering line except the meter, which is the company's responsibility. Therefore, the obligation imposed by 807 KAR 5:026, Section 6(12), to ensure that combustible gas in a service line is odorized so that it is readily detectable by a person with a normal sense of smell rests on the farm tap customer. For this determination NGS relied on the Commission's decision in Case No. 2018-00212, Order dated April 9, 2021. However, NGS views this largely as a moot issue because the gas traveling through the lines is naturally odorized.

Responding Witness: Monica Sturgill