

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF B&S OIL & GAS )  
COMPANY FOR INITIAL RULES, ) CASE NO.  
REGULATIONS AND RATES FOR FURNISHING ) 2021-00484  
GAS SERVICE PURSUANT TO KRS 278.485 )

**RESPONSES OF B&S OIL & GAS COMPANY TO  
STAFF'S SECOND REQUEST FOR INFORMATION**

1. Refer to B&S's response to Commission Staff's First Request for Information (Staff's First Request), Item 1(a).

a. Provide an itemized estimate of the hours spent for each item listed.

**RESPONSE:** B&S cannot provide an estimate of the hours for disconnect and reconnects because it cannot predict how often they may be needed. Please see Sheet No. 3 of B&S's Farm Tap Application for an estimate of the hours for meter reading, callouts, and well maintenance.

b. Explain whether B&S currently places methanol in its wells.

**RESPONSE:** B&S currently places methanol in the regulators if freeze offs occur and during low temperatures to prevent freezing. B&S does not place methanol in its wells.

2. Refer to B&S's response to Staff's First Request, Item 4(b), Exhibit 2, Gas Price Calculation. Provide the Appalachian differential<sup>1</sup> to be applied to the 12-month NYMEX strip.

**RESPONSE:** Please see Exhibit 17.

3. Refer to B&S's response to Staff's First Request, Item 5(a), Exhibits 3 and 7.

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<sup>1</sup> The Appalachian differential is also known as a "basis". A basis is the difference between the commodity price at one market hub, for example the NYMEX price at the Henry Hub in Louisiana, and the commodity price at another market hub. In this case, the Appalachian differential could be the difference in commodity price at the Henry Hub and the Columbia Gas Transmission (TCO) Appalachian hub.

Indicate the source of the \$0.36 per mile used to calculate the transportation expense.

**RESPONSE:** The \$0.36 per mile was calculated by taking the cost per gallon of gas (\$3.906) divided by the miles per gallon (11) = \$0.355 or \$0.36 when rounded to nearest dollar.

4. Refer to B&S's response to Staff's First Request, Item 5(a), Exhibit 4.

Provide documentation from B&S's bank indicating that it charges a \$35 returned check fee.

**RESPONSE:** Please see Exhibit 18.

5. Refer to B&S's response to Staff's First Request, Item 5(a), Exhibit 5.

Provide support for the \$10 in transportation expense.

**RESPONSE:** Fuel Cost \$7.20 (\$0.36 @20 miles round trip)  
Vehicle Tire, Repairs, and maintenance fees \$2.80  
= \$10.00 Transportation Expense

6. Refer to B&S's response to Staff's First Request, Item 5(a), Exhibit 6.

Explain whether there are any underlying costs that would justify a 10 percent late payment penalty.

**RESPONSE:** Without having a billing due date and a late payment penalty people will not pay timely and B&S expenses could not be paid timely and that would result in underlying costs of late fees and interest charges for B&S.

7. Refer to B&S's response to Staff's First Request, Item 7. Explain why KRS

413.120 should not apply in instances of billing resulting in overcollections.

**RESPONSE:** Any overcollections that may occur would be due to mis-read meters or software malfunctions and that would be discovered the following month and 6 months would be more than enough time to correct the error.

8. Refer to B&S's response to Staff's First Request, Item 8. Explain whether B&S

odorizes its system separately from the natural odor.

**RESPONSE:** No, odorization is not required because B&S's gas has a strong natural odor.

9. Refer to B&S's response to Staff's First Request, Items 9 and 13.

a. Explain how B&S determined that 20 customers are eligible for farm tap service, and whether it considered only the 1/2 air mile requirement and whether the customer(s) currently have gas service.

**RESPONSE:** 20 customers is just an estimate it could be more or less. Potential customers are within 1/2 air mile and B&S does not know what services people currently have.

b. Confirm that all of the 20 potential customers B&S has identified as eligible for farm tap service from its lines are currently served by Navitas. If not all are currently served by Navitas, state how many are currently served by Navitas, and identify the current provider or heating source for the remaining potential customers.

**RESPONSE:** B&S has not contacted or been contacted by any customer(s) of Navitas for farm tap service. It is unknown who may want service once the pipelines are installed.

c. If any of the 20 potential customers are currently served by a local distribution company (gas utility), state whether B&S is aware that the Commission has consistently ruled that a customer served by a gas utility is considered to be in that utility's service area and cannot be served by another utility.

**RESPONSE:** B&S is unaware of any regulation pertaining to utility service areas in this area and has been told that there are no franchises in the area.

10. Refer to B&S's response to Staff's First Request, Item 14. Explain the circumstances under which B&S's gas is sold to Diversified Oil & Gas and the reason that no gas is currently sold to a market or customer.

**RESPONSE:** B&S plans to sell its gas to Diversified Oil & Gas. The pipeline must be installed before B&S can sell to a market or customer. B&S was selling gas to Navitas Utility Corporation (Navitas) until Mr. Hartline decided he would no longer adhere to the gas purchase contract made with B&S. Navitas would not pay for the gas as agreed. Mr. Hartline visited Kentucky in the spring of 2021 and discussed the issue with

Mr. Rife. Mr. Hartline said the contract was not valid and wanted to do a new one at a lower price. Mr. Rife refused to do a new contract at a lower price and told Mr. Hartline that if Navitas was not going to pay as agreed that B&S would turn off the gas for non-payment and Mr. Hartline told Mr. Rife to go ahead and turn it off. B&S continued to supply gas to Navitas until November 9, 2021, without payment, hoping Navitas would honor the contract. However, it became clear Navitas had no intention of honoring the contract and B&S turned off the gas on November 9, 2021. To date, Navitas owes B&S \$27,142.98 for gas already delivered and sold to Navitas customers through November 9, 2021. Navitas is currently paying Diversified more for gas than it would have B&S as you can see in Exhibit 19 from Case No. 2022-0004 filed by Navitas.

11. Refer to B&S's response to Staff's First Request, Items 16 and 20.

a. Explain B&S's response concerning adequacy of supply to serve farm tap customers, since customers of farm tap systems have no assurance of quantity or quality of gas supply.

**RESPONSE:** B&S has no concern with producing enough gas to supply 20 farm tap customers. Please see Exhibit 20.

b. State whether B&S is still providing gas to Navitas, and if so, how much monthly.

**RESPONSE:** No, due to non-payment.

c. Explain what new construction will be required to serve potential farm tap customers. Confirm that no construction will be related to adequacy of supply.

**RESPONSE:** B&S plans to run lines to connect wells to selling point for Diversified Oil and Gas. B&S will not be running any lines to any customers only to the selling point. B&S may have to cross private property when laying lines and may pick up customers in the process.

d. Provide a general description of B&S's existing system, including its age.

**RESPONSE:** B&S currently consist of gas wells only, which were drilled in the 1930's, 1940's, and 1950's.

12. For each non-recurring charge included in the proposed tariff, state whether B&S is able to provide an estimate of the number of times it expects to assess the charge. If so, provide the expected number of charges for each along with an estimate of total revenue to be derived from non-recurring charges.

**RESPONSE:** B&S has no way to estimate when and how often these charges will be assessed.

**VERIFICATION**

I have reviewed the foregoing responses to Staff's Second Requests for Information and hereby state that the responses are complete and accurate to the best of my knowledge and belief.



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BUD RIFE, PRESIDENT  
B&S OIL AND GAS COMPANY

Subscribed and sworn to before me by Bud Rife, President, B&S Oil and Gas Company on this the 24<sup>th</sup> day of March, 2022, by means of videoconference technology.

My commission expires 11/23/25

Kuntal D Allen #139649  
NOTARY PUBLIC, STATE AT LARGE  
NOTARY ID NO.: 39649 11/23/25



Dated: March 24, 2022

Respectfully submitted,



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*Counsel for B&S Oil and Gas Company*

**CERTIFICATE OF SERVICE**

This is to certify that the foregoing copy of Responses of B&S Oil & Gas Company to Staff's Second Request for Information in this action is being electronically transmitted to the Commission on January 19, 2022; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.



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JOE F. CHILDERS