

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 2023-00224

Electronically Filed

In the Matter of:

ELECTRONIC TARIFF FILING OF
LINDSEY ENTERPRISES, LLC FOR
INITIAL RULES, REGULATIONS, AND
RATES FOR FURNISHING GAS
SERVICE PURSUANT TO KRS 278.485

**LINDSEY ENTERPRISES, LLC'S RESPONSES TO COMMISSION STAFF'S
SECOND SET OF REQUESTS FOR INFORMATION**

Lindsey Enterprises, LLC states as follows for its Responses to the Commission's Second Set of Requests for Information:

REQUESTS FOR INFORMATION

1. Refer to the proposed tariff sheet, unnumbered page 2, Rates and Charges sheet.

Also, refer to Lindsey Enterprises' response to Commission Staff's First Request for Information (Staff's First Request), Attachment, pages 195-198.

- a. Confirm that the average gas cost rate of \$4.48/Mcf included on the Rates and Charges sheet of the proposed tariff is an average per MMBtu based on information provided on pages 195-198 of the Attachment.
- b. Confirm whether the \$4.48/Mcf rate should be adjusted by the Btu factor to calculate a rate per Mcf for the gas cost. If not, then explain why.

RESPONSE:

- a. Confirmed—pages 195-198 references the list of average gas costs of the TCO Appalachia Index, with the average rate approximating \$4.48/Mcf.

- b. Confirmed.

2. Refer to the proposed tariff, unnumbered page 6, the sheet which shows how the proposed tariff rates were derived.

- a. Confirm that meter reading takes 20 hours per month, an estimated 240 hours per year. If not, explain how the 20 hours were derived.
- b. State whether the eight hours shown for Mowing, Blowing Drips, Painting, Placing Methanol is per customer per year, or 432 hours annually based on 54 customers. If not, define what the eight hours represents.

RESPONSE:

a. Confirmed. This calculation derived from a reasoned estimate of 20 minutes of work per farm tap, and accounted for two hours of travel time, incidentals, lunch, and breaks for each farm tap.

b. No. Lindsey Enterprises spends at least eight hours per month for the collective 54 farm taps, which equates approximately 96 hours per year.

3. Refer to Lindsey Enterprises' response to Staff's First Request, Item 1(a). In light of this response, state whether Lindsey Enterprises would be willing to use a rate design consisting of a monthly customer with no gas usage included and a volumetric charge for all Mcf used, which would be more consistent with widely used rate designs of other gas utilities and companies.

RESPONSE: In response to Request No. 3, Lindsey Enterprises states that it is a small family operation with a single bookkeeper and limited technological resources; thus, manual calculations would be burdensome and overwhelming. Lindsey Enterprises' current system is only capable of billing in Mcf.

4. Refer to Lindsey Enterprises' response to Staff's First Request, Item 2. Provide and expanded response to the previous request of Staff's First Request, Item 2, by providing detailed

cost support for each charge, which should include each component of the charge (time, mileage, equipment, materials, labor, etc.), and explaining whether the labor associated with these services is already included in Lindsey Enterprises' calculation of its monthly customer charge and commodity rate. Where possible, supporting documentation such as invoices should be provided. If Lindsey Enterprises cannot provide the requested information, explain why it is not able to respond to the request.

RESPONSE: In response to Second Request No. 4, Lindsey Enterprises states as follows:

a. Concerning late fees, Lindsey Enterprises has never had to charge a late fee to a farm-tap-gas recipient. Thus, there are no documents reflecting those costs readily available and Lindsey Enterprises' calculation was based on a reasoned estimate.

b. The \$200 Tap Fee accounts for Lindsey Enterprises' purchase of necessary tap equipment, of which Lindsey Enterprises takes a loss: a two-inch saddle costs \$52.50, a one-inch steel ball valve costs \$35.50 and the 1# Honeywell AC 250 NX meter installed costs \$174.95. In other words, Lindsey Enterprises charges \$200 for \$262.65 in equipment Lindsey Enterprises must purchase.

c. See Lindsey Enterprises' labor chart provided in the Proposed Tariff. In that chart, Lindsey Enterprises did not calculate costs associated with reconnection, and would involve additional hours (exceeding \$25) not detailed in costs in the Proposed Tariff, because such activities are rare. The \$25 Reconnection Charge accounts for the time and labor associated with an employee driving to the location to re-install the meter and provide a reading to Lindsey Enterprises' office.

d. This \$100 Reconnection Fee accounts for both Lindsey Enterprises' costs associated with multiple trips to a property to disconnect/reconnect within the same 12-month period, paying salaries at rates set forth in the labor chart attached to the Proposed Tariff. In that chart, Lindsey Enterprises did not calculate costs associated with multiple reconnection, and would involve additional hours not detailed in costs in the Proposed Tariff.

e. The \$25 Returned Check Charge is identical to what Lindsey Enterprise is charged by the bank.

f. Like the Late Payment Fee (part (a) above), this \$15 delinquent collection fee is associated with the rare situation in which a gas recipient pays his or her delinquent bill at the time Lindsey Enterprises is on the property to disconnect. In such a situation, this accounts not only for the employee's time and labor coming to the property, but also the employee's time and labor driving to deliver the payment to Lindsey Enterprises that same day. Lindsey Enterprises did not calculate such costs in the labor chart attached to the Proposed Tariff.

5. Refer to Lindsey Enterprises' response to Staff's First Request, Item 5. Also, refer to Lindsey Enterprises' response to Staff's First Request, Attachment, page 164; refer to the proposed tariff, unnumbered page 6, the sheet which shows how the proposed rates were derived; and refer to Lindsey Enterprises' response to Staff's First Request, Item 8. The proposed tariff cost support reflects estimated annual per customer usage of 84.7 Mcf based on 54 customers. Page 164 of the Attachment shows total usage of domestic customers to be 5,021 Mcf in 2022, and average usage of 57 customers to be 88.09 Mcf. Lindsey Enterprises' response to Staff's First Request, Item 8 indicates it had 49 customers in 2022.

a. Explain the discrepancy between these customer and gas usage numbers.

- b. State whether Lindsey Enterprises is still proposing to use the original proposed numbers for customers and usage to calculate its rates.

RESPONSE: Yes, Lindsey Enterprises is still proposing to proceed with the original numbers. The reason for the discrepancy in volume and farm-tap-gas recipients in 2022 is a result of many factors, but namely: (1) flooding in 2022 washed out some farm taps; and (2) other farm-tap-gas recipients replaced their lines or changed sources. As a result in the 2022 flooding and the associated recovery, the number of recipients and the gas usage remains in flux. For instance, Lindsey Enterprises now has 45 farm-tap-gas recipients.

6. Refer to Lindsey Enterprises' response to Staff's Request, Item 8. Explain why customer numbers have declined, and provide annual sales for each of the years shown.

RESPONSE: See Lindsey Enterprises' response to Secondary Request No. 5. Furthermore, annual sales were shown in pages 6-162 of Lindsey Enterprises' Production of Documents.

7. Refer to Lindsey Enterprises' response to Staff's First Request, Item 12. Also, refer to Lindsey Enterprises' response to Staff's First Request, Attachment, page 163. Confirm that the unweighted average Btu factor is 1272.3 based on the information provided on page 163 of the Attachment.

RESPONSE: Confirmed.

8. Refer to Lindsey Enterprises' response to Staff's First Request, Item 14. State whether free-gas customers and volumes are included in the customer numbers and Mcf volumes used to calculate the farm tap rates.

RESPONSE: Free farm-tap-gas recipients were not included in the recipient numbers. However, Lindsey Enterprises still reads each of their respective meters.

9. Refer to Lindsey Enterprises' response to Staff's First Request, Item 28, Attachment. Also refer to the proposed tariff.

- a. Explain why the rules and regulations contained in the Domestic Gas Service Agreement were not included in Lindsey Enterprises' proposed tariff.
- b. Under Establishing Domestic Service, Service Charge, in the Domestic Gas Service Agreement, explain what the \$100 the customer will pay Lindsey Enterprises at the time of execution of the contract covers and explain whether the charge is included in the proposed tariff.
- c. Confirm that Lindsey Enterprises is not currently proposing to require a deposit to secure payment of bills.

RESPONSE:

a. The rules and regulations were inadvertently omitted from Lindsey Enterprises' proposed tariff. To the extent necessary, Lindsey Enterprises requests leave to amend the proposed tariff to include this, and any other information the PSC deems necessary. Further, Lindsey Enterprises' has very rarely used the Domestic Gas Service Agreement (on less than 10 occasions) but felt obligated to produce since it had been used a handful of times. Lindsey Enterprises does not intend to use the Domestic Gas Service Agreement in the future.

b. The charge referred to was the charge for a tap fee when the Domestic Gas Service Agreement was used on a handful of occasions in the past. As stated above Lindsey Enterprises does not intend to use the Domestic Gas Service Agreement if the proposed tariff is granted and instead may use an agreement consistent in all fashions with any proposed tariff approved. As such, the charge is not included in the proposed tariff, but would not be used.

c. Confirmed. Lindsey Enterprises does not require a deposit and does not plan to require a deposit.

10. Refer to Lindsey Enterprises' response to Staff's First Request, Item 28, Attachment. Also refer to the proposed tariff.

- a. Under Gas Measurement, Meter Tests, Payment for Tests, in the Domestic Gas Service Agreement, provide the amounts of the meter test charge and explain why the meter test charge was not included in the proposed tariff.
- b. Under Bills and Payment Thereof in the Domestic Gas Service Agreement, explain why it states that gas can be shut off upon 24 hours' notice for nonpayment of bills or violation of the rules and regulation when the proposed tariff states that 10 days' notice will be provided to the customer prior to service being disconnected.
- c. Under Tampering in the Domestic Gas Service Agreement, explain why the charges related to tampering were not included in the proposed tariff.

RESPONSE:

a. See Responses to 9, above.

b. In response to this Secondary Request, Lindsey Enterprises states that it has never discontinued service to any farm-tap-gas recipient in the winter regardless of their balance. Lindsey Enterprises further participates as a vendor in the LIHEAP services and work with them to get recipients' bills caught up during warmer months. Also, see Responses to 9, above.

c. See Response to 9, above.

11. Provide witness verifications for the responses provided to Staff's First Request filed on August 25, 2023.

RESPONSE: See attached.

Respectfully submitted,

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