

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 2023-00225

Electronically Filed

In the Matter of:

ELECTRONIC TARIFF FILING OF
LINDSEY & ELLIOTT GAS CO. FOR
INITIAL RULES, REGULATIONS, AND
RATES FOR FURNISHING GAS
SERVICE PURSUANT TO KRS 278.485

**LINDSEY & ELLIOTT GAS CO'S RESPONSES TO COMMISSION STAFF'S
SECOND SET OF REQUESTS FOR INFORMATION**

Lindsey & Elliott Gas Co. 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. Also, refer to Lindsey & Elliott Gas's responses to Commission Staff's First Request for Information (Staff's First Request), Attachment, page 175. Confirm that cost support for the proposed rates of \$18.00 minimum monthly bill and \$9.00 per Mcf as listed on the proposed tariff sheet is included on page 175 of the Attachment. If so:
 - 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.
 - c. Confirm that Callouts After Hours takes an estimated 60 hours annually. If not, explain how the estimation was derived.
 - d. Confirm that administrative activities take an estimated 162 hours annually based on 54 customers. If not, explain how the estimation was derived.

RESPONSE: Confirmed. Page 175 of Lindsey & Elliott's attachment establishes a monthly minimum bill of \$9.00/Mcf. Furthermore, in response to the remainder of Second Request No. 1, Lindsey & Elliott states as follows:

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.

c. Confirmed.

d. Confirmed. The 162 hours annually consists of a reasoned estimate for bookkeeping, billing, banking, and reports for farm-tap-gas recipients.

2. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 1(a). In light of this response, state whether Lindsey & Elliott Gas 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 & Elliott 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 & Elliott current system is only capable of billing in Mcf.

3. Refer to Lindsey & Elliott Gas's response to Staff's First Request, 1(b). Also, refer to Lindsey & Elliott Gas's response to Staff's First Request, Attachment, page 175 and pages 201-202.

- a. Confirm that the average gas cost rate of \$4.48/Mcf that is included on page 175 of the Attachments is an average MMBtu rate based on information provided on pages 201-202 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—page 175 references the list of average gas costs of the TCO Appalachia Index, with the average rate approximating \$4.48/Mcf.

b. Confirmed.

4. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 2. Provide an 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 & Elliott Gas's calculation of its monthly customer charge and commodity rate. Where possible, supporting documentation such as invoices should be provided. If Lindsey & Elliott Gas 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 & Elliott states as follows:

a. Concerning late fees, Lindsey & Elliott 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 & Elliott's calculation was based on a reasoned estimate.

b. The \$200 Tap Fee accounts for Lindsey & Elliott's purchase of necessary tap equipment, of which Lindsey & Elliott 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 & Elliott charges \$200 for \$262.65 in equipment Lindsey & Elliott must purchase.

c. See Lindsey & Elliott's labor chart provided in the proposed tariff. In that chart, Lindsey & Elliott did not calculate costs associated with reconnection, and would involve additional hours not detailed in costs in the proposed tariff, because such activities are rare. The 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 & Elliott's office.

d. The \$100 Reconnection Fee accounts for both Lindsey & Elliott's costs associated 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 & Elliott did not calculate costs associated with multiple reconnections, and would involve additional hours not detailed in costs in the proposed tariff.

e. The \$25 Returned Check Charge is less than what Lindsey & Elliott is charged by its Bank. See the attached Truist Business Deposit Accounts Fee Schedule.

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 & Elliott 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 & Elliott that same day. Lindsey & Elliott did not calculate such costs in the labor chart attached to the proposed tariff.

5. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 6.
 - a. Provide annual Mcf sales for each of the years indicated.
 - b. Explain why customer numbers have declined for the years indicated.
 - c. Based on the four years of customer numbers provided, explain why 54 customers was used in the rate calculations.

RESPONSE:

a. See pages 3-171 of the Attachment to Lindsey & Elliott's Responses. This information has already been provided—these documents show the Mcf sales by month for each of the last four years.

b. 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.

c. See Response to part (b), above. The 54 farm-tap-gas recipients included in the proposed rate calculation reflected the number of recipients at the time.

6. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 10. Also, refer to Lindsey & Elliott Gas's response to Staff's First Request, Attachment, page 172. Confirm that the unweighted average Btu factor is 1,416.45 based on the information provided on page 172 of the Attachments.

RESPONSE: Confirmed.

7. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 12. State whether free gas customers and volumes are included in the customer numbers and Mcf volumes used to calculate farm tap rates.

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

8. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 26, 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 & Elliott Gas's proposed tariff.
- b. Under Establishing Domestic Service, Service Charge, in the Domestic Gas Service Agreement, explain what the \$100 the customer will pay Lindsey & Elliott Gas at the time of execution of the contract covers and explain whether the charge is included in the proposed tariff.
- c. Confirm that Lindsey & Elliott Gas is not currently proposing to require a deposit to secure payment of bills.

RESPONSE:

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

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

9. Refer to Lindsey & Elliott Gas's response to Staff's First Request, Item 26, 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 of 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 Response to No. 8, above.

b. In response to this Secondary Request, Lindsey & Elliott 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 Response to No. 8, above.

c. See Response to No. 8, above.

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

RESPONSE: See attached.

Respectfully submitted,

/s/ Thomas E. Travis

Mickey T. Webster

mwebster@wyattfirm.com

Thomas E. Travis

ttravis@wyattfirm.com

WYATT, TARRANT & COMBS, LLP

250 West Main Street, Suite 1600

Lexington, KY 40507-1746

859.233.2012

Counsel for Lindsey & Elliott Gas Co.