

Case No. 2024-00382  
Old Bridge Gas Utility LLC  
Response to Commission Staff's Third Request for Information

**Commission Staff 3-1:**

Refer to Joint Application, Exhibit 1, Section 1.1. Provide a list of the net book value of each asset, along with the total net book value of all assets, that Old Bridge Gas plans to acquire from CPS.

**Response:** CPS provided Old Bridge Gas Utility LLC ("Old Bridge LLC") a Future Depreciation Report for the year 2023, that detailed the depreciated value of all CPS assets. This list was for all assets of CPS, most of which were acquired by Sayers LPG. The assets acquired by Old Bridge LLC are items (24) Mains – Old Bridge, (25) Meters – Old Bridge, (26) Land and Land Rights – Old Bridge, and (37) DTEX Odorant Level Detector. The net book value for the assets Old Bridge is acquiring is \$0.

See attached: Attachment 3-1 – Future Depreciation Report.

**Witness:** Tim Sayers

**Future Depreciation Report FYE: 12/31/23**

FYE: 12/31/2022

**PROPANE GAS INSTALLATION**

Asset	Description	Date In Service	Cost	Tax	AMT
<b><u>Prior MACRS:</u></b>					
4	COMPUTER	8/06/10	430	0	0
16	CLARK FORKLIFT	7/01/14	9,100	0	0
18	TANKS	11/25/14	17,080	0	0
19	TANKS	7/01/14	11,050	0	0
20	TANKS	7/01/14	15,050	0	0
21	TANKS	7/01/14	1,250	0	0
22	50 100lb CYLINDER TANKS	7/01/15	3,500	0	0
23	45 330 GALLON TANKS	7/01/15	14,625	0	0
27	ROCK FOR LOT	4/01/15	1,292	0	0
28	2006 FORD CRANE TRUCK	7/01/16	17,778	0	0
29	15 500 GALLON CRIST TANK-OLD BRIDGE;	7/01/16	7,125	0	0
30	27 250 GALLON CRIST TANK-OLD BRIDGE	7/01/16	8,350	0	0
31	5 1000 GALLON AG TANKS	3/22/17	6,500	0	0
32	10 500 GALLON AG TANKS	3/22/17	4,750	0	0
33	9 330 GALLON AG TANKS	3/22/17	2,925	0	0
34	9 250 GALLON TANKS	3/22/17	2,700	0	0
36	2002 INTERNATIONAL BOBTAIL	1/19/18	18,000	1,037	1,037
37	DTEX ODORANT LEVEL DETECTOR	8/31/18	4,482	258	258
38	ROOF REPAIR	5/03/18	3,182	82	82
39	BUILDING REMODEL/ADDITION	3/30/18	14,552	373	373
40	2015 FREIGHTLINER M2	10/29/19	36,750	0	0
41	7 120 GALLON TANKS	1/07/19	3,670	321	321
42	12 500 GALLON TANKS	8/24/20	10,450	1,306	1,306
43	10 330 GALLON TANKS	8/24/20	6,375	797	797
44	27 250 GALLON TANKS	8/24/20	13,875	1,734	1,734
45	HEATER IN SHOP	5/14/20	9,402	1,175	1,175
46	REPAIR TO BOBTAIL TRUCK	3/30/20	2,908	363	363
47	A/C UNIT	7/15/21	4,899	0	0
			<u>252,050</u>	<u>7,446</u>	<u>7,446</u>

**Other Depreciation:**

5	COMPUTER/PRINTER	7/01/11	400	0	0
6	FURNITURE	7/01/11	100	0	0
7	TELEPHONE	7/01/11	70	0	0
8	CALCULATORS	7/01/11	50	0	0
9	FAX MACHINES	7/01/11	150	0	0
10	OFFICE FURNITURE	7/11/11	100	0	0
12	THREADER	7/01/11	1,100	0	0
13	TORCHES	7/11/11	300	0	0
14	WELDERS	7/01/11	4,500	0	0
15	COMPRESSOR	7/01/11	1,200	0	0
24	MAINS- OLD BRIDGE	1/01/15	29,201	0	0
25	METERS- OLD BRIDGE	1/01/15	3,375	0	0
26	LAND AND LAND RIGHTS- OLD BRIDGE	1/01/15	23,440	0	0
35	COMPUTER SOFTWARE	10/23/17	14,000	0	0
<b>Total Other Depreciation</b>			<u>77,986</u>	<u>0</u>	<u>0</u>
<b>Total ACRS and Other Depreciation</b>			<u>77,986</u>	<u>0</u>	<u>0</u>
<b>Grand Totals</b>			<u>330,036</u>	<u>7,446</u>	<u>7,446</u>

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**Commission Staff 3-2:**

Refer to Joint Application, Exhibit 1, Sections 1.3 and 1.4 and Joint Applicants' response to Commission Staff's Second Request for Information (Staff's Second Request), Item 6a, Bank Loan Agreement.

- a. Reconcile the bank loan amount with the purchase price.
- b. Explain why Old Bridge Gas and Sayers LPG LLC (Sayers LPG) took out a loan of \$584,000 and what factored into the loan amount.
- c. Explain how Old Bridge Gas and Sayers LPG plan to utilize the \$584,000.
- d. Explain how the \$100,000 purchase price was calculated.
- e. State whether the purchase price reflected the full consideration paid or owed to CPS for its assets. If not, identify all additional consideration.
- f. Confirm that the \$100,000 purchase price is the only compensation that will be transferred to CPS from Old Bridge Gas. If this cannot be confirmed, explain.

**Response:**

- a. See the responses below.
- b. Bank of the Bluegrass approved a loan to co-borrowers Old Bridge LLC and Sayers LPG LLC's in the amount of \$584,000. This constitutes 80% of the purchase price of CPS's entire asset portfolio including its propane distribution assets and the Old Bridge utility. The complete purchase price of all CPS assets is \$730,000.
- c. Old Bridge LLC and Sayers LPG LLC will apply the \$584,000 loan between the two entities. Sayers LPG LLC used \$484,000 of the loan to pay for CPS' propane distribution assets. Old Bridge LLC will use the remaining \$100,000 for the purchase of the Old Bridge utility.

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- d. After conducting a complete evaluation of its assets, CPS, on the one hand, and Old Bridge LLC and Sayers LPG LLC, on the other hand negotiated an aggregate purchase price for all CPS assets of \$730,000. This valuation includes real property, separate from any property on which the Old Bridge utility sits, valued at \$238,520 and CPS' propane distribution assets valued at \$391,420, that were purchased by Sayers LPG LLC. Based on the aggregate valuation, CPS determined the Old Bridge utility to be valued at approximately \$100,000.
- e. In addition to the \$730,000 aggregate purchase price described above: (i) Old Bridge LLC purchased the Old Bridge propane inventory as of October 1, 2024, for \$3,715.92 pursuant to its Management Agreement with CPS, Jt. App., Ex. 1, pp. 17-20; (ii) Sayers LPG LLC purchased CPS's non-Old Bridge propane inventory as of October 1, 2024, for \$3,191.88; and (iii) Sayers LPG LLC purchased CPS's non-Old Bridge accounts receivable for \$3,711.26. Subject to the preceding sentence, the purchase price for CPS's entire asset portfolio reflects the full consideration Sayers LPG LLC and Old Bridge LLC paid to CPS for its assets. The only consideration Old Bridge LLC, or Sayers LPG LLC, will pay for the Old Bridge utility is the \$100,000 purchase price. See Joint Applicants' response to Item 1-5 for additional information.
- f. The \$100,000 purchase price is the only money Old Bridge LLC will transfer to CPS for the Old Bridge utility. Pursuant to the management agreement, as explained in the Joint Applicants' response to Item 1-5, Old Bridge LLC is entitled to retain any revenue generated from the time of the execution of the Purchase and Sale Agreement and the Management Agreement. Pursuant to the Management Agreement, Old Bridge LLC will

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operate the Old Bridge utility pending the close of the transaction, retain all revenues, and  
pay all expenses generated in that term.

**Witness:** Tim Sayers

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**Commission Staff 3-3:**

Refer to Joint Applicants' response to Staff's Second Request, Item 6a, Attachment at 26.  
Explain whether Old Bridge Gas and Sayers LPG plan to refinance the bank loan when the 120th payment becomes due in November 2034 in the amount of \$496,523.65.

**Response:** Old Bridge LLC and Sayers LPG LLC currently have no plans to refinance the loan in November 2034.

**Witness:** Tim Sayers

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**Commission Staff 3-4:**

Refer to Joint Applicants' notice requesting that this matter be taken under submission and decided based upon the written record. State whether Joint Applicants continue to request that this matter be taken under submission and decided based upon the written record.

**Response:**

The Joint Applicants are willing to participate in an evidentiary hearing to respond to any additional questions the Commission and its Staff may have to support approval of this transfer. They are likewise agreeable to meet with Commission Staff in an informal conference pursuant to 807 KAR 5:001, Section 9(4) to clarify issues in the case or address other matters that may aid in the handling and disposition of the case. The Joint Applicants, nevertheless, believe that there is sufficient information in the record of this case for the Commission to approve the acquisition of the regulated utility assets in the Old Bridge Subdivision. Old Bridge Gas Utility LLC ("Old Bridge LLC") is ready, willing, and able to provide adequate service to the utility's customers. *Public Service Com'n v. Cities of Southgate, Highland Heights*, 268 S.W.2d 19, 21 (Ky. 1954).

Old Bridge LLC has the financial, technical and managerial ability to continue to provide reasonable service to the utility's customers. The utility's revenue appears to be sufficient to support continued operations. The primary operators are familiar with the system and have the requisite experience to operate the system. Notably, Tim Sayers has over 27 years of experience in the propane industry.

In addition, the proposed transaction is in accordance with law, for a proper purpose and is consistent with the public interest. The Joint Applicants have shown that the proposed transfer will not adversely affect the existing level of the Utility's service or rates, and the

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transfer will benefit the public interest by providing Utility customers uninterrupted propane service and consistent billing functions.

For these reasons, the Joint Applicants believe that there is sufficient information in the record of this case for the Commission to approve the acquisition. Again, however, if the Commission or its Staff have additional questions, the Joint Applicants will participate in an evidentiary hearing or informal conference.

**Witness:** Tim Sayers; Legal

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**Commission Staff 3-5:**

Provide the journal entries that Old Bridge Gas would make to record the proposed transaction.

**Response:** The entry to record the transaction will be:

Equipment (Storage tank, meters, lines) – Debit \$100,000

Loan to Bank of the Bluegrass – Credit \$100,000

This entry is based on the original purchase agreement with CPS, the allocation of sales prices, and the sale of assets including the propane storage tank, distribution system, and meters.

**Witness:** Tim Sayers

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

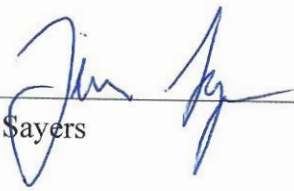
JOINT APPLICATION OF COMMERCIAL PROPANE )  
SERVICE, LLC AND OLD BRIDGE GAS UTILITY )  
LLC FOR APPROVAL OF OLD BRIDGE GAS ) Case No. 2024-00382  
UTILITY LLC'S ACQUISITION OF COMMERCIAL )  
PROPANE SERVICE LLC'S UTILITY ASSETS IN )  
OLD BRIDGE SUBDIVISION, DANVILLE, )  
KENTUCKY )

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CERTIFICATION

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This is to certify that I have supervised the preparation of the Joint Applicants' responses to the Public Service Commission Staff's Third Request for Information and that the responses on which I am identified as a sponsoring witness are true and accurate to the best of my knowledge, information, and belief after reasonable inquiry.

  
\_\_\_\_\_  
Tim Sayers

2-27-25  
\_\_\_\_\_  
Date