

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|  |   |            |
|--|---|------------|
| ELECTRONIC APPLICATION OF TROUBLESOME    | ) |            |
| CREEK GAS CORPORATION FOR INITIAL RULES, | ) | CASE NO.   |
| REGULATIONS, AND RATES FOR FURNISHING    | ) | 2019-00467 |
| GAS SERVICE PURSUANT TO KRS 278.485      | ) |            |

ORDER

On December 19, 2019, Troublesome Creek Gas Corporation (Troublesome Creek) filed its tariff to establish initial rates, rules, and regulations pursuant to KRS 278.485 and 807 KAR 5:026, which govern gathering systems that provide gas service to retail customers who tap into such systems (farm tap systems). Troublesome Creek proposed an effective date of January 19, 2020.

Having considered the proposed tariff and being otherwise sufficiently advised, the Commission finds that an investigation will be necessary to determine the reasonableness of the proposed tariff and that such an investigation cannot be completed by January 19, 2020. Pursuant to KRS 278.190(2), the Commission will, therefore suspend the effective date of the proposed tariff for five months, up to, and including June 18, 2020.

To facilitate this review, a procedural schedule is set forth in Appendix A to this Order. All requests for intervention should be filed by the date set forth in Appendix A. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceedings, which is not adequately represented in the case, or (2) that

the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Further, KRS 278.040(2) requires that a person seeking intervention must have an interest in the rates or service of a utility, as those are the only matters that are subject to the Commission's jurisdiction.

Based on the foregoing, the Commission further finds that any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of electricity consumed by the movant or a general statement regarding a potential impact of a possible modification of rates will not be deemed sufficient to establish a special interest.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of Troublesome Creek's proposed tariff.
2. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, shall be followed when filing papers in this proceeding.
3. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of entry of this Order, Troublesome Creek shall file a written statement, with a copy to parties of record, that it waives any right to service of Commission orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.
4. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the entry of an Order of the Commission granting its intervention, file with the Commission a written statement that it waives any right to service of Commission Orders by United States mail and that it or its authorized agent possesses the facilities to receive electronic submissions.

5. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

6. Troublesome Creek's proposed tariff is suspended for five months from January 19, 2020, up to and including June 18, 2020.

7. The procedural schedule set forth in Appendix A to this Order shall be followed in this proceeding.

8. Any person who submits a motion to intervene after the date set forth in Appendix A shall show a basis for intervention and good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

9. a. Troublesome Creek shall file responses to the information request set forth in Appendix B by the date set forth in Appendix A. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed and shall include the name of the witness responsible for responding to the questions related to the

information provided, with an original in paper medium and an electronic version to the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. A party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. Any party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

10. Troublesome Creek shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of the hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov." At the time publication is requested, Troublesome Creek shall forward a duplicate of the notice and request to the Commission.

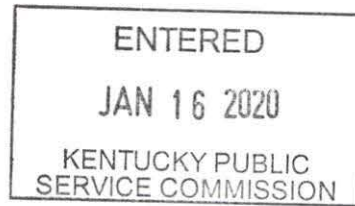
11. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

12. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

13. The Commission does not look favorably upon motions of continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

14. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00467 DATED **JAN 16 2020**

Requests for intervention shall be filed no later than .....01/31/2020

Initial requests for information to Troublesome Creek  
shall be filed no later than.....02/07/2020

Troublesome Creek shall file responses to  
initial requests for information no later than.....02/17/2020

Supplemental requests for information to  
Troublesome Creek shall be filed no later than .....02/27/2020

Troublesome Creek shall file responses to  
supplemental requests for information no later than .....03/06/2020

Intervenor Testimony, if any, in verified prepared  
form shall be filed no later than.....03/13/2020

All requests for information to Intervenors shall  
be filed no later than.....03/20/2020

Intervenors shall file responses to requests for  
information no later than.....03/27/2020

Troublesome Creek shall file, in verified form, its rebuttal  
testimony no later than.....04/03/2020

Troublesome Creek or any Intervenor shall request either a  
hearing or that the case be submitted for decision  
based on the record no later than .....04/09/2020

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00467 DATED **JAN 16 2020**

1. Refer to spreadsheet “Rate Calculation”, Tab “1 Employee.”
  - a. Explain why the annual total used in the rate calculation for Gross Wages is \$2,000 higher than the result of the formula specified.
  - b. Explain why a sixty percent allocation factor is appropriate and why it is not an explicit component of the calculation of Workers Compensation or Payroll Taxes.
  - c. Explain how the formula for Workers Compensation was determined.
  - d. Provide the formula used to determine Payroll Taxes. Confirm that “KUCC” is Kentucky state unemployment tax assessment or explain this acronym.
  - e. Explain why foregone revenue of \$2 per thousand cubic feet (Mcf) is reasonable. Include in the explanation a discussion of why the gas cost component of rates should not be based on the New York Mercantile Exchange (NYMEX) 12-month strip and Troublesome Creek’s British thermal unit (BTU) factor for the gas’s heat content.
  - f. Explain whether the expenses shown for Vehicle Maintenance, Billing, Administration, Postage & Office Expense, Well and Road Repairs, and Depreciation are based on actual expenses from November 1, 2018, through October 31, 2019, or estimates. If the expenses are actuals, identify and describe any allocations from affiliated entities or unregulated business segments. If the expenses are estimates, describe the process used to estimate expenses.



g. Explain why expenses for Well and Road Repairs should be recovered from farm tap customers. Include in the explanation a discussion of how these expenses are allocated to/from affiliated entities or unregulated business segments.

h. Confirm that expenses related to services recovered through non-recurring charges (i.e., seasonal or temporary turn on, reconnection, meter relocation, returned check, initial tap on, etc.) are not included in base rates. If this cannot be confirmed, provide the amounts and location of those expenses.

i. Provide the basis for yearly sales of 4,377 Mcf and explain whether any farm tap customers are non-residential. If not, explain why the calculated monthly usage of approximately 7.3 Mcf is reasonable.

j. State whether Troublesome Creek will be subject to federal and state income taxes. If so, explain why no provision for income taxes is included in the rate calculation.

k. Explain why Troublesome Creek did not include a provision for margins in its rate calculation.

l. State whether Troublesome Creek is currently or will be required to odorize its system to comply with 807 KAR 5:026, Section 6(12). If so, identify any expenses for compliance and briefly explain how the gas will be odorized.

2. Refer to the Executed Tariff.

a. Explain the basis for Troublesome Creek's proposed monthly customer charge of \$15.

b. Provide cost support for each of the following:

(1) Seasonal or Temporary Turn On Fee of \$50;

- (2) Relocate Meter of \$150;
- (3) Transfer Service Fee of \$30;
- (4) Returned Check Charge of \$30;
- (5) Service Trip Charge of \$50;
- (6) Special Meter Reading Charge of \$50; and
- (7) Meter Test Fee of \$225.

c. Confirm that the Special Meter Reading Charge will not be assessed if the original meter reading was incorrect. If this cannot be confirmed, explain.

d. Confirm that Troublesome Creek will not provide gas service to any person other than the owner of the property on or over which any of Troublesome Creek's producing well or gas gathering pipeline is located or the owner of real estate whose property and point of desired service is located within one-half air mile of Troublesome Creek's producing gas well or gas gathering pipeline. If this cannot be confirmed, explain.

3. Refer to the application for Gas Service. Explain why terms of service sections after Refusal of Service are not included in Troublesome Creek's proposed tariff.

4. Provide the heating content of Troublesome Creek's gas in BTUs and any supporting workpapers.

5. State whether Troublesome Creek currently provides gas service for compensation. If so, provide a schedule of any rates, rules, regulations, or conditions of service currently in effect.

6. State whether Troublesome Creek provides any customer with free gas service, including customers who receive free gas service as a result of lease or right-of-

way agreements. If so, provide the number and average annual usage for these customers.

7. Provide a system map or maps that show Troublesome Creek's natural gas system, including the location, size, category, and material of lines and the location of producing wells.

8. Provide a general description of Troublesome Creek's gas system, including the date(s) of construction and ultimate market for gathered gas.

9. State whether Troublesome Creek has any operator qualifications or operations and maintenance plans or performs leakage or patrolling surveys. If so, provide the details.

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