

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF HAY	)	
EXPLORATION, INC. FOR INITIAL RULES,	)	CASE NO.
REGULATIONS, AND RATES FOR FURNISHING	)	2023-00152
GAS SERVICE PURSUANT TO KRS 278.485	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO HAY EXPLORATION, INC.

Hay Exploration, Inc. (Hay Exploration), pursuant to 807 KAR 5:001E, shall file with the Commission an electronic version of the following information. The information requested is due on June 16, 2023. The Commission directs Hay Exploration to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Hay Exploration shall make timely amendment to any prior response if Hay Exploration obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

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

Careful attention shall be given to copied and scanned 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Hay Exploration shall, in accordance with 807 KAR 5:001E, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the proposed tariff, Section I. Rate and Charges, subsection c. Other Charges. Provide justification for the proposed Monthly Minimum Customer Charge of \$30.

2. Refer to the proposed tariff, Section I. Rate and Charges, subsection c. Other Charges.

a. Provide cost support for the following and explain for each charge and fee whether the labor associated with these services is already included in Hay Exploration's calculation of its monthly customer charge and commodity rate:

- (1) Seasonal or Temporary Turn On Fee of \$50;
- (2) Transfer Service Fee of \$30;
- (3) Returned Check Charge of \$30;
- (4) Service Trip Charge of \$50;
- (5) Special Meter Reading Charge of \$39.50; and
- (6) 10 percent late-payment penalty.

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

c. Explain how Hay Exploration arrived at the \$225 upper limit for the meter test fee.

3. Refer to the proposed tariff, Section I. Rates and Charges, subsection c. Other Charges

a. Explain why the Seasonal or Temporary Turn-On Fee is double the amount of the reconnection fee.

b. Explain the procedure followed to transfer service from one occupant to another.

4. Refer to the proposed tariff, Section I. Rate and Charges, subsection c. Other Charges. For each non-recurring charge included in the proposed tariff provide the amount of round-trip mileage that will be travelled by Hay Exploration personnel to perform each service.

5. Refer to the proposed tariff, Section I. Rate and Charges, subsection c. Other Charges.

a. For each non-recurring charge included in the proposed tariff, state whether Hay Exploration 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.

b. Refer to the proposed tariff, Section II. Terms of Service, subsection c, Refusal of Service, which states “Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.” Explain how Hay Exploration determines whether the gathering lines have sufficient supply to connect additional customers.

6. Refer to the proposed tariff, Section II., Terms of Service, subsection e, Monthly Bills.

a. Confirm that the 10 percent late payment fee will be charged only on the current month’s delinquent amount and not on past month’s delinquent amounts. If not confirmed, explain the basis for charging a late fee on previous months’ late payments in addition to the current month’s late payment.

b. In regards to billing errors, explain whether there will be any time period limitations over which overcharges will be refunded and undercharges will be collected.

7. Refer to the proposed tariff, Section II., Terms of Service, subsection k, Discontinuance of Service by Company. Explain what conditions will be required to be

present in order for Hay Exploration to determine that a customer's use of service is detrimental to the service being furnished to other customers in the immediate vicinity.

8. Refer to the proposed tariff, Section II. Terms of Service, subsection n, Meter Test Fee.

a. Explain whether Hay Exploration will follow the same procedure for a meter found to be more than 2 percent fast that is followed for meters that test slow.

b. Explain the basis for capping the upper time limit to six months to calculate the rebilling.

c. Explain whether Hay Exploration will use the same six-month period for instances where the meter is more than 2 percent fast.

9. Refer to the proposed tariff, Section II. Terms of Service, subsection n, Meter Test Fee, regarding meters that do not register gas usage and the customer's usage amount is estimated.

a. Explain how Hay Exploration will determine when the meter became defective.

b. Explain whether Hay Exploration will test a meter it considers to be defective to ensure it is defective before billing the customer based on estimated usage.

c. Given the seasonal nature of natural gas usage, explain whether Hay Exploration would automatically test or pull the meter for any account with the usage variances described or whether these variance guidelines are a starting point for an investigation.

d. Explain whether a customer who did not obtain service through fraud, theft, or deception, would be liable for unbilled service after two years from the date of service.

10. Refer to the proposed tariff, Section II. Terms of Service, subsection s, Customer's Installation, which indicates that Hay Exploration reserves the right to require a customer to reimburse the Company for any cost due to a change in meters, meter location or change to any other apparatus made at the request of the customer. Explain whether there would be any circumstances in which a customer would not be required to reimburse the Company for such change.

11. Provide the number of gas wells that will be involved in serving the farm tap customers.

12. Provide a copy of the application form that farm tap customers will be required to fill out prior to receiving service.

13. State the volume of gas Hay Exploration estimates it will sell annually to farm tap customers.

14. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation. Also refer to the Natural Gas Services, LLC (Natural Gas Services) Tariff Filing in Case No. 2021-00390, the page setting out the basis of the farm tap rate calculation.<sup>2</sup>

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<sup>2</sup> Case No. 2021-00390, *Electronic Tariff Filing of Natural Gas Services, LLC for Initial Rules, Regulations and Rates for Furnishing Gas Service Pursuant to KRS 278.485* (filed Oct. 11, 2021) at unnumbered page 2.

a. Explain why the rate support calculation sheet filed on October 11, 2021, in Case No. 2021-00390 is the same as the rate support calculation sheet filed on April 19, 2023, in the current case proceeding.

b. Explain why Hay Exploration chose not to update the rate support calculation sheet.

c. Provide an updated rate support calculation sheet that reflects the most up to date information and cost analysis as it pertains to Hay Exploration and not Natural Gas Services in PDF version and a version in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible. The PDF version of the updated rate support calculation sheet should be in a font size of 12 or greater.

15. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation.

a. Provide the year or time period that the rate support calculation sheet is based on.

b. Confirm that Hay Exploration has not included expenses related to farm tap customers with free gas service, if any, in its proposed rates. If this cannot be confirmed, explain.

16. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation.

a. Explain why the NYMEX Strip rate has a date range of “(Nov 21 – Mar 22)”.

b. Provide the most current 12-month NYMEX strip rate and provide the unit of gas in Mcf. Furthermore, if the unit of gas was originally in dollars per MMBtu, then

provide dollars per MMBtu and the heat content of gas that is delivered to farm tap customers.

c. Provide the correct Appalachian differential, which is the difference between the NYMEX price at the Henry Hub and the Columbia Gas Transmission (TCO) Appalachian hub in Mcf. Furthermore, if the unit of gas was originally in dollars per MMBtu, then provide dollars per MMBtu and the heat content of gas that is delivered to farm tap customers.

17. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation.

a. Provide the expenses included in the “expense cost” portion of the proposed gas charge.

b. Explain why the gas cost should include both the forfeited revenue and expense.

18. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation.

a. Explain whether the Supply Cost of \$174 is for the entire system or a single customer.

b. Explain how the “IRS rate of \$0.56/mile” was determined.

c. Explain how the number of call outs was determined for the Mileage Cost.

d. Provide Hay Exploration’s income statement for farm tap customers for 2020, 2021, 2022, and any period available for 2023.



19. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation, regarding the meter reading for “110 customers” that Hay Exploration indicates it anticipates supplying.

a. Confirm if the 110 is the total number of customers which Hay Exploration intends to charge for farm tap service.

b. State what customer classes (i.e. residential or commercial) are represented by the 110 customers that Hay Exploration indicates it anticipates supplying.

c. Explain whether the 110 total customers included any customers that might receive free gas service. If so, then explain why they are included in the rate support calculation sheet.

20. Refer to the rate support calculation sheet setting out the basis of the farm tap rate calculation, regarding the estimated annual per customer usage of 152 Mcf.

a. Provide support for the estimated annual per customer usage of 152 Mcf.

b. Confirm that the meter readings referenced are in Mcf (thousand cubic feet) and not in Ccf (hundred cubic feet) and that Hay Exploration expects customers to use this relatively high amount of gas annually.

c. State whether Hay Exploration believes that actual usage will be lower when customers are required to pay for gas.

21. State whether Hay Exploration considered a more typical rate design including a monthly customer charge along with a volumetric charge for Mcf consumed, as an alternative to the rate design it proposed which includes a minimum bill.

22. State whether Hay Exploration currently provides gas service for compensation.

a. If so, provide a schedule of any rates, rules, regulations, or conditions of service currently in effect and state whether Hay Exploration currently requires an application for gas service or reads customer meters.

b. If so, provide an income statement and balance sheet for calendar years 2021 and 2022.

23. State whether Hay Exploration 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 and the lease or right-of-way agreements.

24. Confirm that Hay Exploration only provides service to the owners of property on or over which any producing well or gas gathering pipeline is located, or the owners of real estate whose property and point of desired service is located within one-half air-mile of Hay Exploration's producing gas well or gas gathering pipeline. If this cannot be confirmed, provide the number of customers that are not served pursuant to KRS 278.485.

25. Explain whether Hay Exploration believes that existing farm taps have been extended or divided to provide service to more than one customer per farm tap. If so, include supporting documentation.

26. Explain whether Hay Exploration has plans to disconnect any customers that are not served pursuant to KRS 278.485.

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

28. Provide a general description of Hay Exploration's gas system, including the date(s) of construction and ultimate market for gathered gas.

29. State whether Hay Exploration has any operator qualifications or operations and maintenance plans or performs leakage or patrolling surveys. If so, provide the details.

30. Explain whether Hay Exploration has considered creating customer classes to differentiate between customers with significantly different usage levels.

31. Explain whether Hay Exploration's customers have been notified of the proposed rates. If so, provide the notice. If not, explain how customers will be notified.

32. State whether Hay Exploration currently has any customer meters and explain whether Hay Exploration will confirm that a customer wishes to maintain farm tap service before installing a meter.

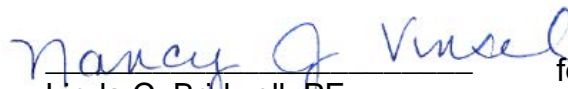
33. State whether the gas in the Hay Exploration's system is odorized. If so, state the method of odorization.

34. Explain whether Hay Exploration employs anyone in its service territory to respond to emergencies. If not, explain how Hay Exploration responds to emergencies.

35. Refer to Natural Gas Services' response to Commission Staff Second Request for Information, Item 14c in Case No. 2021-00390.<sup>3</sup> Explain if a formal agreement between Natural Gas Services and Hay Exploration was ever executed. If so, provide the agreement.

36. Refer to Natural Gas Services' response to Commission Staff Third Request for Information, Items 9a and 9b in Case No. 2021-00390, in regards to the corporate and affiliate relationship between Natural Gas Services and Hay Exploration.<sup>4</sup>

- a. Provide the current status of Natural Gas Services.
- b. Explain whether Natural Gas Services is involved in the service or management of Hay Exploration's farm tap system.
- c. Confirm that Hay Exploration owns the gathering lines or producing wells for its system. If not, state the entity that owns the lines or wells.

  
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for  
Linda C. Bridwell, PE  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED   MAY 31 2023  

cc: Parties of Record

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<sup>3</sup> Case No. 2021-00390, Natural Gas Services' Response to Commission Staff's Second Request for Information (filed Dec. 22, 2021), Item 14c.

<sup>4</sup> Case No. 2021-00390, Natural Gas Services' Response to Commission Staff's Third Request for Information (filed Feb. 2, 2022), Items 9a and 9b.

\*Angela Horger  
Frost, Brown, Todd, LLC  
250 West Main Street  
Suite 2800  
Lexington, KENTUCKY 40507

\*Hay Exploration, Inc.  
1544 Winchester Avenue, Suite 1108  
Ashland, KY 41101

\*J. Fetters  
Frost, Brown, Todd, LLC  
250 West Main Street  
Suite 2800  
Lexington, KENTUCKY 40507

\*Medrith L Norman  
Frost, Brown, Todd, LLC  
250 West Main Street  
Suite 2800  
Lexington, KENTUCKY 40507