COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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	))))	CASE NO. 2023-00224

O R D E R

On June 16, 2023, Lindsey Enterprises, LLC (Lindsey Enterprises) filed, through the Commission's electronic Tariff Filing System, a proposed tariff to establish initial rates, rules, and regulations pursuant to KRS 278.485 and 807 KAR 5:026, which govern natural gas gathering systems that provide service to retail customers who tap onto farm tap systems. On July 7, 2023, the proposed tariff filing was suspended pursuant to KRS 278.190(2) for five months, up to and including December 15, 2023, and this proceeding was initiated to investigate the reasonableness of the proposed tariff.[1]

On August 11, 2023, the Commission, upon granting Lindsey Enterprises' motion for an extension of time to respond to Commission Staff's First Request for Information (Staff's First Request),[2] issued an amended procedural schedule. On September 29, 2023, Lindsey Enterprises filed its response to Commission Staff's Second Request for Information (Staff's Second Request), specifically its response to Item 9, which included

[1] Order (Ky. PSC July 7, 2023).

[2] Commission Staff issued its First Request for Information to Lindsey Enterprises with responses due no later than August 11, 2023. On August 7, 2023, Lindsey Enterprises filed a motion for an extension of time to respond to Staff's First Request, which was subsequently granted by the Commission. Lindsey Enterprises then filed its responses to Staff's First Request on August 25, 2023.

a statement that the rules and regulations were inadvertently omitted from Lindsey Enterprises' proposed tariff and requested leave to amend its proposed tariff within its response.[3] By Commission Order issued January 22, 2024, the request was recognized as a motion, the motion was granted, and Lindsey Enterprises' amended tariff filing was deemed filed as of September 29, 2023.[4]

On April 4, 2024, the Commission approved an additional motion for an extension of time for Lindsey Enterprises to file responses to Commission Staff's Third Request for Information (Staff's Third Request)[5] with responses due no later than May 24, 2024. Lindsey Enterprises filed its responses to Staff's Third Request late on May 28, 2024. Commission Staff's Fourth Request for Information (Staff's Fourth Request) was issued[6] with responses due no later than June 20, 2024.

On June 27, 2024, Lindsey Enterprises filed its response to Staff's Fourth Request. Upon review of the responses to Staff's Fourth Request, the Commission finds that a referenced attachment[7] is missing from the filing and that the responses do not comply with 807 KAR 5:001, Section 8(4)(b)[8]. The Commission also notes that no motion for an extension of time was filed for either the response to Staff's Third Request or for the response to Staff's Fourth Request. As stated in the Commission's July 7, 2023 Order,

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[3] Lindsey Enterprises' Response to Staff's Second Request (filed Sept. 29, 2023), Item 9.

[4] Pursuant to 807 KAR 5:001, Section 4(5); and 807 KAR 5:001, Section 5(1).

[5] Staff's Third Request (Ky. PSC Mar. 27, 2024).

[6] Staff's Fourth Request (Ky. PSC June 13, 2024).

[7] *See* Lindsey Enterprises' Response to Staff's Fourth Response (filed June 27, 2024), Items 2(b), 2(c), and 2(d).

[8] Lindsey Enterprises' Response to Staff's Fourth Response is filed as an electronic submission but is not search-capable.

the Commission does not look favorably upon motions for continuance and parties before the Commission are expected to respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests. Furthermore, the Commission does not look favorably upon the untimely filing of responses when a motion for extensions of time setting out good cause for the extension has not been filed. There are no intervenors in this matter. This matter now stands submitted for a decision on the record.

LEGAL STANDARD

The Commission has exclusive jurisdiction over the regulation of rates and services of utilities in Kentucky,[9] including natural gas distribution companies. KRS 278.190 permits the Commission to investigate any schedule of new rates to determine its reasonableness.

For the purposes of this matter, the Commission presumes that Lindsey Enterprises does not meet the definition of a "utility" established in KRS 278.010. The Commission has limited jurisdiction to regulate the retail rates of gas pipeline companies that do not meet the definition of a utility but provide limited retail gas service pursuant to KRS 278.485. This statute requires every company obtaining natural gas from producing wells located within the state, upon the request of the owner of the property, to furnish retail gas service to the owners of property located within one-half air mile of one of the company's wells or gathering lines by direct tap, known as a farm tap, on the operator's piping. A gas producer or gathering line operator that provides only farm tap service is not a utility as that term is defined in KRS Chapter 278 because service is not furnished

[9] KRS 278.040(2).

to the public but is restricted to owners of property near the production or gathering facilities.

As to the rates that gas pipeline companies providing farm tap service may charge, KRS 278.485 in pertinent part provides only that "[t]he gas service shall be furnished at rates and minimum monthly charges determined by the Public Service Commission." Commission regulation 807 KAR 5:026, Section 1(4) defines "gas company" as the owner of any producing gas well or gathering line.

There is no language in KRS 278.485 prescribing a method of review for initial farm tap rates. Commission regulation 807 KAR 5:026, Section 9, in pertinent part provides that "[e]ach gas company shall charge rates filed with and approved by the Commission in accordance with KRS Chapter 278 and 807 KAR Chapter 5."[10] This regulation also prescribes a procedure for a gas company that offers service pursuant to KRS 278.485 to request an adjustment of existing rates through a proposed tariff submitted at least 60 days prior to its proposed effective date.[11]

Pursuant to 807 KAR 5:001, Section 4(5) states: "Amendments, upon motion of a party and for good cause shown, the commission shall allow a complaint, application, answer, or other paper to be amended or corrected or an omission supplied. Unless the commission orders otherwise, the amendment shall not relate back to the date of the original paper." Commission regulation 807 KAR 5:001, Section 5(1) states: "all requests for relief that are not required to be made in an application, petition, or written request shall be by motion."

[10] 807 KAR 5:026, Section 9(1).

[11] 807 KAR 5:026, Section 9(1)(a) through 807 KAR 5:026, Section 9(4).

BACKGROUND

Lindsey Enterprises is a Kentucky limited liability company jointly owned by owners that are similarly involved in a general partnership of Lindsey & Elliott Gas Company (Lindsey & Elliott Gas). Lindsey Enterprises and Lindsey & Elliott are organized under different corporate formations and own different wells, but share an office space, bookkeeper, and well tender.[12] Additionally, Lindsey Enterprises has a well that produces natural gas which flows into a Lindsey & Elliott Gas gathering line.[13] Lindsey & Elliott Gas filed a proposed tariff to establish initial rates, rules, and regulations pursuant to KRS 278.485 and 807 KAR 5:026 in Case No. 2023-00225.[14] The initial tariff filing, proposed rates and charges, and responses to Commission Staff Requests for Information are nearly identical to those filed by Lindsey Enterprises.

Lindsey Enterprises operates in Pike, Floyd, Letcher, and Perry counties, Kentucky. As described by Lindsey Enterprises, the natural gas produced by the Lindsey Enterprises wellheads flows to supply DGO, Columbia Gas Transmission, and the city of Pikeville.[15] The heat content of the gas delivered across the system averages 1,272.3 Btu but can range from a low of 1,124 Btu to a high of 1,630 Btu.[16] Currently, Lindsey Enterprises does not have Commission approved farm tap service rates and charges.

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[12] Lindsey Enterprises' Response to Staff's First Request, Item 26.

[13] Lindsey Enterprises' Response to Staff's First Request, Item 27.

[14] Case No. 2023-00225, *Electronic Tariff Filing of Lindsey & Elliott Gas Co. for Initial Rules, Regulations, and Rates for Furnishing Gas Service Pursuant to KRS 278.485* (Ky. PSC July 7, 2023), Order, Lindsey & Elliott filed a proposed tariff on June 16, 2023.

[15] Lindsey Enterprises' Response to Staff's First Request, Item 20.

[16] Lindsey Enterprises' Response to Staff's First Request, Item 12; and Lindsey Enterprises' Response to Staff's Second Request, Item 7.

DISCUSSION AND ANALYSIS

The amount of farm tap customers expected to be served by Lindsey Enterprises, pursuant to KRS 278.485, is between 45[17] and 57[18] customers, who are all residential end users. Lindsey Enterprises reports that both its customer total and gas usage have been declining and inconsistent due to a 2022 flood and customers electing alternative natural gas sources.[19] Lindsey Enterprises also serves approximately five customers with natural gas without collecting an associated monthly service or fuel charge ("free gas" farm tap customers) due to agreed-upon oil-and-gas leases and right-of-way agreements.[20] These "free gas" farm tap customers are not included in the customer count totals. Lindsey Enterprises estimates its annual usage per customer based on 2022 averages to be 84.7 Mcf, or approximately 7 Mcf per month.[21]

Revenue Requirement

Lindsey Enterprises initial tariff filing included a simplified Revenue Requirement calculation that expressed its estimated Labor and Administrative costs by hours spent on operational responsibilities by its employees.[22] In order to confirm Lindsey Enterprises' estimates supporting its revenue requirement, Lindsey Enterprises was requested in Staff's Third Request to complete Revenue Requirement Calculation forms

[17] Lindsey Enterprises' Response to Staff's Second Request, Item 5.

[18] Lindsey Enterprises' Response to Staff's First Request, Item 11.

[19] Lindsey Enterprises' Response to Staff's Second Request, Item 5.

[20] Lindsey Enterprises' Response to Staff's First Request, Item 14, attachment, unnumbered page 165.

[21] Lindsey Enterprises' Response to Staff's First Request, Item 5.

[22] Lindsey Enterprises' Tariff Filing, page 6.

attached as Appendix B.[23] Lindsey Enterprises responded that it does not have the ability to provide the information necessary to prepare the requested forms.[24] Lindsey Enterprises did provide a listing of expenses for the 12-month period ending December 21, 2023.[25] Commission Staff requested documentation for the expenses listed in Lindsey Enterprises' response to Staff's Third Request in a Fourth Request for Information.[26] Lindsey Enterprises' response to Staff's Fourth Request cited an attachment that was not included in its response and otherwise offered no explanation for the types of expenses included in each listing.[27] Based on the inability of Lindsey Enterprises to provide sufficient information, and in consideration of this being a filing for initial rates whose calculation are based on estimates, the Commission finds that using the Revenue Requirement filed by Lindsey Enterprises in its tariff filing is reasonable as the basis for establishing initial farm tap rates.

Rate Design

Lindsey Enterprises is proposing an $18 per month minimum bill customer charge plus a volumetric charge. Lindsey Enterprises states that its monthly minimum customer charge includes meter reading and maintenance expenses.[28] The $18 per month minimum bill includes 2 Mcf of usage. All additional usage over the 2 Mcf is proposed to be charged at $9 per Mcf. Lindsey Enterprises states that the monthly minimum bill

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[23] Lindsey Enterprises' Response to Staff's Third Request, Item 5 and Appendix B.

[24] Lindsey Enterprises' Response to Staff's Third Request, Item 5.

[25] Lindsey Enterprises' Response to Staff's Third Request, unnumbered page 11.

[26] Staff's Fourth Request for Information, Item 2.

[27] Lindsey Enterprises' Response to Staff's Fourth Request at 2.

[28] Lindsey Enterprises' Response to Staff's First Request, Item 1a.

method is preferred due to the limitations of its current billing system only having the capacity to bill in per Mcf usage.[29] The proposed usage rate includes Platt's Columbia Gas Appalachian Index arithmetic average of monthly first-day spot gas prices between July 2021 and June 2023.[30] Residential customers using an average of 7 Mcf per month would see an average bill of $63.

For the reasons discussed above, the Commission finds that there is not sufficient evidence in the record to determine whether the revenue requirement and farm tap rates proposed by Lindsey Enterprises are fair, just and reasonable. The lack of evidence is primarily due to Lindsey Enterprises not historically maintaining the records necessary to determine the costs associated with operating and maintaining the farm tap system in regard to service provided within a one-half air mile of its gathering line and wells pursuant to KRS 278.485. In reaching a decision on whether rates are fair, just and reasonable, there must be sufficient evidence of record for the Commission to weigh.

The Commission further finds that requiring Lindsey Enterprises to incur undue expenses related to meter reading and service without being able to recover those costs, for the sole purpose of tracking expenses to establish initial rates, would not be fair, just and reasonable.

Nevertheless, there is simply not sufficient evidence in the record to determine the most appropriate rates, and Lindsey Enterprises is unable to provide such information without first tracking the services provided to its customers served pursuant to KRS 278.485. Based upon the modicum of evidence of record and in the absence of

[29] Lindsey Enterprises' Response to Staff's Second Request, Item 3.

[30] Lindsey Enterprises' Response to Staff's First Request, Item 1b.

prescriptive statutory language establishing a method of review for initial farm tap rates, the Commission finds Lindsey Enterprises' proposed farm tap rates and charges to be adequate for the establishment of fair, just and reasonable rates to be charged until Lindsey Enterprises establishes record keeping sufficient to provide evidence in support of its rates. This will allow Lindsey Enterprises to collect revenue to cover its expenses related to the operation and maintenance of its farm tap system at rates that are consistent with rates approved for other farm tap systems that are subject to the Commission's regulation pursuant to KRS 278.485.

The Commission finds that Lindsey Enterprises should file an application for an adjustment to its farm tap rates with the Commission no later than 18 months following the date of service of this Order with a complete record and evidence to support its proposed rates. The subsequent filing should comply with KRS 278.485 and 807 KAR 5:026, the statute and regulation governing gathering systems that provide service to retail customers who have connected to such systems.[31] Lindsey Enterprises should provide a proposed revenue requirement based on a 12-month historical period along with justification.

The Commission further finds that Lindsey Enterprises should separately track and differentiate the expenses and meter readings for its typical farm tap customers and its "free gas" farm tap customers. All nonrecurring charges collected should be tracked with all occurrences noted of the activity for which the fees are charged. Lindsey Enterprises, in its next rate application, should include cost justification for its nonrecurring charges

[31] 807 KAR 5:026, Section 9(1)(e), erroneously references 807 KAR 5:001, Section 10, the proper reference is 807 KAR 5:001, Section 16.

and be able to show that the charges are directly related to the actual cost incurred to provide the service. Lindsey Enterprises should be able to explicitly describe how expenses are allocated. Additionally, Lindsey Enterprises should review its application before filing to ensure that the information it provides is accurate and does not include contradictory information. Lindsey Enterprises should use, and file with its application, the forms attached as an Appendix to this Order to assist in the timely processing of its case.[32] Additionally, due to the overlap in ownership and shared expenses between Lindsey Enterprises and Lindsey & Elliott, the Commission finds that in its next rate application, Lindsey Enterprises should be ready to distinguish expenses of Lindsey Enterprises from those of Lindsey & Elliott. The Commission further finds that any shared expenses between the two companies should be correctly accounted for and allocated in a way that would prevent double recovery.

PROPOSED TARIFF

Lindsey Enterprises filed a proposed tariff containing its rates, rules, and regulations. An application for Gas Service form was also filed containing additional rules and regulations.[33] Lindsey Enterprises requested leave to amend the original proposed tariff to include the information in the application for Gas Service and any other information

[32] Versions of the form that are in XFDL or XML format and can be filled out electronically are available on the Commission's Website at www.psc.ky.gov under Utility Information > Utility Forms > All Utilities > Alternative Rate Filing Forms.
File Name: "ARF Form 1 - Attachment SAO-G - Schedule of Adjusted Operations - Gas Utility"
File Name: "ARF Form 1 - Attachment RR-OR - Revenue Requirement Calculation Form - Operating Ratio Method"

[33] Lindsey Enterprises' Response to Staff's First Request, Item 28, Attachment.

the Commission deemed necessary.[34] Except as modified herein, the Commission finds that the proposed tariff is reasonable and that it should be accepted as filed.

1. Non-Payment and Seasonal Temporary Reconnection Fee. Lindsey Enterprises' proposed tariff included a $100 fee if a customer requested disconnection and re-established service within 12 months. Lindsey Enterprises later indicated that the proposed fee was included in error,[35] but then went on to state that the fee accounts for Lindsey Enterprises' costs associated with multiple trips to a property to disconnect/reconnect service within the same 12-month period.[36] Commission regulation 807 KAR 5:026, Section 7(1), sets out a $25 reconnection fee when service is disconnected for non-payment. While Lindsey Enterprises gave conflicting information on whether the $100 Seasonal Temporary Reconnection Fee would be charged, the Commission finds that Lindsey Enterprises should be able to charge such a fee but that the fee should not exceed the amount set out in the regulation for reconnection for nonpayment. Thus, the Commission finds that the $100 fee for Seasonal Temporary Reconnect is unreasonable. The Commission further finds that $25 for Reconnection for Non-Payment and $25 for the Seasonal Temporary Reconnect are reasonable and match the reconnect fee set out in 807 KAR 5:026, Section 7(1).

2. Application for Gas Service. As noted above, Lindsey Enterprises filed the application for Gas Service form which farm tap customers would be required to submit prior to receiving service and requested leave to amend the proposed tariff to include the

[34] Lindsey Enterprises' Response to Staff's Second Request, Item 9(a).

[35] Lindsey Enterprises' Response to Staff's First Request, Item 2(d).

[36] Lindsey Enterprises' Response to Staff's Second Request, Item 4(d).

information in the application form. However, Lindsey Enterprises indicated that it rarely used the application for Gas Service and did not intend to use it in the future.[37] Lindsey Enterprises also stated that several provisions and charges in the application for Gas Service form have never been, and never will be, used or charged.[38] When asked to provide the additional text from the application for Gas Service form that would be included in the tariff, Lindsey Enterprises only provided its initial tariff submittal and stated that it was open to including any and all additional information recommended by the Commission.[39]

The Commission reviews the tariffs of a gas company utilizing a farm tap system. The Commission can recommend or order certain provisions be included in the tariff. To that end, Commission's administrative regulation 807 KAR 5:026 and KRS 278.485 are applicable and offer guidance as to what should be included in a proposed tariff.

Based on the responses provided by Lindsey Enterprises, the Commission finds that Lindsey Enterprises' requested leave to amend the proposed tariff to include the information from the application for Gas Service form in the tariff should be denied. If Lindsey Enterprises wants additional information included in its tariff aside from what was included in the initial tariff submittal, it is free to make a separate tariff filing for the Commission to consider.

The Commission further finds that Lindsey Enterprises should provide the application for Gas Service form it will require customers to submit prior to receiving

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[37] Lindsey Enterprises' Response to Staff's Second Request, Item 9(a).

[38] Lindsey Enterprises' Response to Staff's Second Request, Items 9 and 10.

[39] Lindsey Enterprises' Response to Staff's Third Request, Item 2.

service that complies with 807 KAR 5:026, Section 3(1)(a)-(d), and with the approved tariff. Commission regulation 807 KAR 5:026, Section 3(1)(a)-(d) requires that the application for service contain (1) the name and address of the applicant; (2) the purpose for which gas is requested; (3) the name and address of the contractor who will install the customer line; and (4) the name and address of the gas company from which service is requested.

3. Service Tap Fee. Lindsey Enterprises' proposed tariff included a $200 fee for each new service tap, including saddle and first shutoff valve. 807 KAR 5:026, Section 9(2)(b) states "[e]ach gas company may charge $150 for each service tap, including saddle and first shutoff valve which, under this administrative regulation, it shall furnish and install." As Lindsey Enterprises' proposed service tap fee exceeds the amount included in 807 KAR 5:026, Section 9(2)(b), the Commission finds that the fee is unreasonable. The Commission further finds that s charge of $150 for each service tap to be reasonable, which is the amount set forth in 807 KAR 5:026, Section 9(2)(b).

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that the rates, charges, and terms as discussed herein to this Order are fair, just and reasonable, in the public interest, and should be approved effective with the date of service of this Order.

IT IS THEREFORE ORDERED that:

1. The minimum bill customer charge and volumetric rate as proposed by Lindsey Enterprises are approved for service rendered on and after the date of service of this Order.

2. Lindsey Enterprises' proposed tariff is approved as filed, except for the tariff provisions that have been modified herein.

3. Within 20 days of the date of service of this Order, Lindsey Enterprises shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and modifications approved or as required herein and reflecting their effective date and that they were authorized by this Order.

4. Upon placing the rates and charges into effect, Lindsey Enterprises shall separately track and differentiate the expenses and meter readings for its Farm Tap customers that will be charged for all their usage and any "free gas" farm tap customers. All nonrecurring charges collected shall be tracked with all occurrences noted. Lindsey Enterprises shall include cost justification for its nonrecurring charges as required herein.

5. Within 18 months of the date of service of this Order, Lindsey Enterprises shall file with the Commission revised proposed tariff sheets including the information required to complete the forms attached as an Appendix to this Order. Lindsey Enterprises shall also include the nonrecurring charge information required in ordering paragraph 4.

6. This case is closed and removed from the Commission's Docket.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ENTERED

JUL 29 2024

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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00224 DATED JUL 29 2024

FIVE PAGES TO FOLLOW

REVENUE REQUIREMENT CALCULATION - OPERATING RATIO METHOD

(Method commonly used by investor owned utilities and/or non-profit entities that do not have long-term debt outstanding.)

Pro forma Operating Expenses Before Income Taxes	
Operating Ratio	
Sub-Total	
Less: Pro forma Operating Expenses Before Income Taxes	
Net Income Allowable	
Add: Provision for State and Federal Income Taxes, if Applicable (see footnote)	
Interest Expense	
Pro forma Operating Expenses Before Taxes	
Cost of Natural Gas (water utilities should leave this blank)	
Total Revenue Requirement	
Less: Other Operating Revenue	
Non-operating Revenue	
Interest Income	
Total Revenue Required from Rates for Service	
Less: Revenue from Sales at Present Rates	
Required Revenue Increase	
Required Revenue Increase stated as a Percentage of Revenue at Present Rates	

Provision for Income Taxes - Calculation of Tax Gross-Up Factor

Revenue	
Less: 5% State Tax	
Sub-Total	
Less: Federal Tax, 15% of Sub-Total	
Percent Change in NOI	
Factor (Revenue of 1 divided by change in NOI)	
Times: Allowable Net Income	
Net Income Before Taxes	
Difference Equals Provision for State and Federal Income Taxes	

Notes: (1) Natural gas utilities should deduct their cost of natural gas from pro forma operating expenses before performing the operating ratio calculation. The cost of natural gas should be added back and included in pro forma operating expenses when determining the total revenue requirement. (2) A provision for state and federal income taxes should only be included in the calculation of revenue requirements for utilities that file income tax returns and are liable for the payment of state and federal income taxes. Utilities whose income flows through to its owner's income tax returns for tax purposes should not include a provision for income taxes. (3) The conversion factor above is calculated using the minimum federal tax rate. Adjustment may be warranted where the actual federal tax rate exceeds the minimum federal tax rate.

SCHEDULE OF ADJUSTED OPERATIONS - GAS UTILITY

TYE 12/31/20

	Test Year	Adjustment	Ref.	Pro Forma
Operating Revenues				
Sales of Gas				
Residential				
Commercial & Industrial				
Interdepartmental				
Sales for Resale				
Total Sales of Gas				
Other Operating Revenues				
Forfeited Discounts				
Miscellaneous Service Revenues				
Rent from Gas Property				
Other Gas Revenues				
Total Operating Revenues				
Operating Expenses				
Operation and Maintenance Expenses				
Manufactured Gas Production Expenses				
Natural Gas Production Expenses				
Exploration and Development Expenses				
Storage Expenses				
Other Gas Supply Expenses				
Transmission Expenses				
Distribution Expenses				
Customer Accounts Expenses				
Customer Service and Informational Expenses				
Administrative and General Expenses				
Total Operation and Maintenance Expenses				
Depreciation Expense				
Amortization Expense				
Taxes Other Than Income				
Income Tax Expense				
Total Operating Expenses				
Utility Operating Income				

References

Provide a completed version of the table below for the 12-month period ended: ____________________

Revenue Requirement Calculation	
Gross Wages	
Employee Benefits/Expenses:	
Health Insurance	
Workers Compensation	
Payroll Taxes	
Natural Gas Costs[1]	
Vehicle Gas/Maintenance	
Billing	
Administration	
Postage and Office Expenses	
Well and Road Repairs	
Income Tax Provision	
Depreciation	
Revenue Requirement (Sum of All Above)	

[1] Natural Gas Cost should be based on the average of NYMEX futures prices for 12 months along with a two-year average Appalachian Differential.

	Customer Count	Total Annual Usage	Annual Revenue
'Free Gas' Farm Tap Customers			
Typical Farm Tap Customers			
Number of Total Customers			

This form should be completed for each individual nonrecurring charge

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge:____

1. Field Expense:

   A. Materials (Itemize)

   ________________________________ $____________
   ________________________________ ____________
   ________________________________ ____________

   B. Labor (Time and Wage)

   ________________________________ ____________

   Total Field Expense **$**____________

2. Clerical and Office Expense

   A. Supplies $____________

   B. Labor ____________

   Total Clerical and Office Expense **$**____________

3. Miscellaneous Expense

   A. Transportation $____________

   B. Other (Itemize)

   ________________________________ ____________
   ________________________________ ____________
   ________________________________ ____________

   Total Miscellaneous Expense **$**____________

Total Nonrecurring Charge Expense **$**____________

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