

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE GAS COSTS OF B&H	)	
GAS COMPANY PURSUANT TO KRS 278.2207	)	CASE NO.
AND THE WHOLESALE GAS PRICE IT IS	)	2015-00367
CHARGED BY ITS AFFILIATE, B&S OIL AND GAS	)	
COMPANY, PURSUANT TO KRS 278.274	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO  
B&H GAS COMPANY AND B&S OIL AND GAS COMPANY

B&H Gas Company ("B&H") and B&S Oil and Gas Company ("B&S") (collectively, "the Companies"), pursuant to 807 KAR 5:001, are to file with the Commission an original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed.

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

The Companies shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or,

though correct when made, is now incorrect in any material respect. For any request to which the Companies fail or refuse to furnish all or part of the requested information, the Companies shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

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

1. Refer to the Companies' joint response to the Request for Information, Item 1, contained in Appendix A of the Commission's November 24, 2015 Order ("Commission's Request"). The response states that there are seven connection/receipt points between B&S and B&H; however, the response to Item 1.b. lists six points, Betsy Layne Bottom, Pike Floyd Hollow, Justell, and Mare Creek, and two at Tram: Booker Jones and Honaker Place. Confirm whether a location was omitted from the response to part b. and, if applicable, identify that location. If this cannot be confirmed, clarify the number of connection/receipt points and the correct number of locations.

2. Refer to the Companies' joint response to Commission's Request, Item 5. The response which asked about B&H's evaluation of its gas cost and possible renegotiation of its price from B&S, reads as follows:

The major factor used by B&H to evaluate its cost of gas and whether to renegotiate with B&S is whether B&H is able to

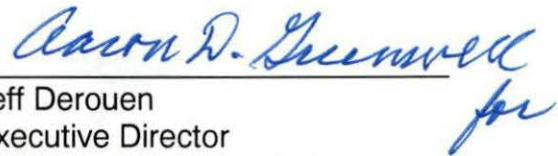
currently meet its obligations to B&S, and whether B&H customers are able to pay their bills to B&H at the current rate. From 2008 through 2015, B&H and its customers have been consistently unable to pay for gas at the current rate. B&H reviews the appropriateness of the contract price on an annual basis, and the information considered includes the currently ability of B&H to pay B&S for gas purchased, and the ability of B&H's customers to pay B&H for natural gas service.

a. Given that for several years, B&H and its customers have been consistently unable to pay for gas at the current rate, explain in detail why B&H has not aggressively pursued a lower price for the gas it purchases from B&S.

b. The memorandum filed in the record of this proceeding on January 21, 2016, summarizes the discussion that took place during the January 14, 2016 informal conference ("IC") in this proceeding. The third paragraph of the memorandum indicates that B&H's president, Mr. Bud Rife, stated during the IC that he had never received any complaints from customers regarding their bills. Reconcile this statement with the sentence in the response to Item 5 which indicates that from 2008 through 2015, B&H's customers have been consistently unable to pay for gas at the current rate.

3. Refer to the Companies' response to Commission's Request, Item 6, which asked if the \$9.38 per Mcf contract price at which B&H purchases gas from B&S continued to reflect market price conditions across the country. If the answer was yes, the Companies were directed to provide support for the answer; if the answer was no, they were directed to provide an appropriate price based on current market conditions, and provide support for that price. The response was not responsive to the request, as it addressed B&H's total rate to its retail customers, including both its gas costs and its non-gas costs. Provide a response which specifically addresses the original request.

4. Provide the pressure at which B&H customers receive gas through their meters.
5. Provide the pressure at which B&H customers' meters are set for billing purposes.



Jeff Derouen  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, Kentucky 40602

DATED **FEB 10 2016**

cc: Parties of Record

\*B & H Gas Company  
P. O. Box 447  
Betsy Layne, KY 41605

\*B & H Gas Company  
B & H Gas Company  
P. O. Box 447  
Betsy Layne, KY 41605

\*B & S Oil and Gas Company  
P.O. Box 155  
Harold, KENTUCKY 41635

\*Joe F Childers  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507