

**IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF B&W PIPELINE, LLC) **DOCKET NO. 15-00042**
FOR AN INCREASE IN RATES)
)

**FIRST REQUEST OF THE CONSUMER ADVOCATE AND PROTECTION DIVISION
OF THE ATTORNEY GENERAL'S OFFICE
TO B&W PIPELINE, LLC
FOR INTERROGATORIES AND PRODUCTION OF DOCUMENTS**

To: B&W Pipeline, LLC
c/o Henry Walker, Esq.
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203

This Discovery Request is hereby served upon B&W Pipeline, LLC ("B&W" or "Company"), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Rachel Newton, on or before 4:00 p.m. (CDT), June 26, 2015.

PRELIMINARY MATTERS AND DEFINITIONS

These interrogatories and requests for production of documents are to be considered continuing in nature, and are to be supplemented from time to time as information is received by B&W which would make a prior response inaccurate, incomplete, or incorrect.

The terms “you” and “your” as used herein mean B&W and all employees, officers, directors, affiliates, parents, agents, and representatives thereof.

The term “person” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, government body, or other entity of any sort whatsoever.

The term “identify” means:

(a) When used in reference to a person, to state his/her full name, present or last known address, and present or last known telephone number, and present place of employment and position held;

(b) When used in reference to a document, to state the date; author; type of document (e.g., letter, memorandum, photograph, telegram, tape recording, etc.); the person or persons to whom either copies of it were sent, received, or otherwise distributed; the manner and means by which it was sent, received or otherwise distributed; and the present or last known location and custodian of the original of the document and any copies thereof. If any such document was, but is no longer, in your possession or custody or subject to your control, state what disposition was made of it, the date, by whom, and at whose direction;

(c) When used in reference to a communication, to state the type of communication (e.g., letter, personal conversation, meeting, etc.), and whether the communication was oral or in writing. If the communication was oral, state the date of the communication, the parties thereto,

the place and approximate time thereof, the substance of what was said by each party, and the identity of all persons present. If the communication was written, set forth the information requested in definition (b) above;

The term “communication” means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

The term “document” as used herein shall have the broadest possible meaning under applicable law. “Document” as used herein means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, letter, note, report, electronic mail, memorandum (including memoranda, electronic mail, report, or note of a meeting or communication), work paper, spreadsheet, photograph, videotape, audio tape, computer disk or record, or any other data compilation in any form without limitation, which is in your possession, custody or control. If any such document was, but no longer is, in your possession, custody or control, please state what disposition was made of the document and when it was made.

The term “affiliate” as used herein shall mean any person or company who, directly or indirectly, is in control of B&W, is controlled by B&W, or is under common control with B&W, where “control” means any ownership percentage of equity interest, or status as a director or officer of a corporation or limited liability company, or status as a partner of a partnership, status as an owner of a sole proprietorship.

If you contend that you are entitled to refuse to answer any of the interrogatories, state the exact legal basis, including but not limited to, authority conferred by statute, rule, or case upon which you contend that you are entitled not to answer the interrogatory.

If you are unable to answer an interrogatory fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit:

- (1) Your best estimate or judgment, so identified, and state the source or basis of the estimate or judgment; or
- (2) Such information available to you as comes closest to providing the information requested.

If incomplete answers, estimates or judgments are submitted and you have reason to believe that other sources of more complete and accurate information exist, identify those other sources of information.

If you contend that you are entitled to withhold from production any or all documents requested herein on the basis of the attorney/client privilege, work product doctrine, or other grounds, identify the nature of the document(s) (e.g., letter or memorandum), the date for same, the author, and the person to whom the document was addressed; identify each individual who has seen the document, each individual who has received a copy of the document and from whom the document was received; and state the basis upon which you contend that you are entitled to withhold the document from production.

Index each response to a document request to the specific document request(s) to which it is responsive. If any information requested is not furnished as requested, state where and how the

information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

GENERAL

1. Refer to MFR Q8. Please provide the B&W general ledgers and trial balances for all months of 2015 that are currently available. Please supplement this response as additional general ledger and trial balance information becomes available.

RESPONSE:

2. Identify and provide a copy of the engineering studies and drafts of the studies for which cost has been recorded in acc 12412 · Engineering Studies in the amount of \$80,326.69.

RESPONSE:

3. Identify and provide any and all loan documents, agreements, contracts, corporate authorizations, meeting minutes, account notations, memoranda, journal entries or other supporting documentation and communications related to the following intercompany loans or accounts at 12/31/2014:

21200 · LOAN PAYABLE ST	
21230 · INTERCOMPANY	
21233 · RUGBY	110,085.10
21234 · ENREMA	13,298.78
21235 · CHATTAVILLE	1,200.00
Total 21230 · INTERCOMPANY	124,583.88

With respect to each of these intercompany loans or accounts:

- a) If the intercompany loans or accounts bear interest, what interest rate is applicable to each intercompany loan or account? Please provide supporting documentation of the applicable interest rate. If there is no interest applicable, please explain why not.
- b) If the intercompany loans or accounts bear interest, how much interest was paid on each intercompany loan or account during 2014?
- c) What are the payment terms for each intercompany loan or account?
- d) What is the balance of each intercompany loan or account as of 5/31/2015 and as of 6/30/2015?
- e) For (a)-(d) above, please provide all related documents and communications.

RESPONSE:

- 4. Regarding account 31111 - Investment - FIR:
 - a) Please provide an explanation of this account (including a definition for FIR) and provide the original journal entries, and the journal entry support, for recording the amounts in account 31111 - Investment-FIR, as well as any supporting documentation directly or indirectly related to the account or any "investment" made by it.
 - b) Has the amount recorded in account 31111 changed since the pipeline company was acquired by FIR? If not, explain fully why not. If so, show the originally recorded amount and the monthly changes and provide all supporting documentation.

- c) Does FIR have a balance sheet, general ledger, trial balance, or financial statements? If so, please provide the FIR balance sheet, general ledger, trial balances and financial statements for 2012, 2013, 2014 and each month of 2015.

RESPONSE:

5. Regarding account 126181 - Pipeline:

- a) Identify and provide the journal entries and the journal entry support related to the recording of the \$2,597,285.11 in that account.
- b) How does the \$2,597,285 in account 126181 relate to the amount that was paid to acquire the pipeline utility as a result, directly or indirectly, of the previous owner's bankruptcy proceeding? Explain and provide related documents and communications.
- c) How does the \$2,597,285 in account 126181 relate to the amount of original cost that was recorded for pipeline in the previous owner's accounting records? Explain and provide related documents and communications.

RESPONSE:

6. Please describe in detail each step by which B&W was directly or indirectly acquired by its current owner and, to the extent known by its current owner, describe in detail how each owner prior to the current owner acquired an ownership interest in B&W. Please also describe the relationship, if any, between the bankruptcy of Gasco Distribution Systems, Inc.,

and the acquisition of B&W by the current owner or any prior owner of B&W. Please include all documents and communications directly or indirectly related to the acquisition of B&W, including without limitation, any amounts paid and how title to B&W was acquired by the current owner or any prior owner of B&W.

RESPONSE:

7. Does B&W or its owner have any accounting records, financial statements, corporate books, minute books, or other corporate records from the previous owners? If so, please identify and provide them.

RESPONSE:

8. Refer to account 51800 · OPERATOR FEE (j1):51810 · OPERATOR FEE:51811
· Operator Fee in the 2014 Trial Balance (MFR Attachment 10-2).

- a) Provide a copy of the contract and/or agreement for the Operator Fee. If there is no written contract, provide the details of the agreement and any supporting documentation and communications.
- b) Show in detail how the Operator Fee is determined each year and identify any changes or variations in how it is calculated.
- c) Provide invoices for the Operator Fee for 2014.
- d) Provide comparable invoices for the Operator Fee for 2012 and 2013 and for each Operator Fee charge to date in 2015.

RESPONSE:

9. Refer to the 2014 Trial Balance (MFR Attachment 10-2). Provide the invoices (and with respect to professional services agreements, the engagement letter and any related documents and communications) for each of the following expenses in 2014:

- a) 50000 · EXPENSES:52000 · OVERHEAD EXPENSES:52100 ·
MANAGEMENT EXPENSES:52110 · PROFESSIONAL
SERVICES:52111 · Legal Fees 59,002.96
- b) 50000 · EXPENSES:52000 · OVERHEAD EXPENSES:52100 ·
MANAGEMENT EXPENSES:52110 · PROFESSIONAL
SERVICES:52112 · Accounting Fees (CPA) 15,380.00
- c) 50000 · EXPENSES:52000 · OVERHEAD EXPENSES:52100 ·
MANAGEMENT EXPENSES:52120 · ADMINISTRATIVE
EXPENSES:52128 · Dues & Subscriptions 12,929.62
- d) 60000 · Cost of Goods Sold:60100 · OIL & GAS:60102 · GAS
\$87,478.85

RESPONSE:

10. Provide a copy of B&W's monthly billing to Navitas (and to each other B&W customer if there are any) from the inception (and prior to such date if available) of B&W's ownership of the pipeline through the most current month available and supplement as additional billings become available.

RESPONSE:

11. Regarding the amounts recorded in account 60000 • Cost of Goods Sold: 60100 • OIL & GAS:60102 • GAS which totaled \$87,478.85 in 2014, please respond to the following:
- a) Please explain the Cost of Goods Sold account.
 - b) Is B&W Pipeline selling natural gas?
 - c) Does B&W Pipeline buy gas from producers and sell the gas to its customer Navitas or to any other end-use customers? If so, provide documents and communications identifying the relationships between the producers and B&W.
 - d) Is B&W Pipeline providing transportation service to Navitas for gas that is purchased by Navitas and transported through the B&W Pipeline? If so, provide documents and communications identifying the relationships between the producers and B&W.
 - e) What is the capacity of the B&W Pipeline?
 - f) How does B&W Pipeline quantify and account for lost and unaccounted for gas (LAUF)? Please provide all related documents and communications.
 - g) How does B&W Pipeline quantify and account for gas used in its pipeline operations? Please provide all related documents and communications.
 - h) Provide journal entries and journal entry support for LAUF gas and Company use gas in 2014.
 - i) Provide comparable journal entries and journal entry support for 2012 and 2013 LAUF gas and Company use gas.

RESPONSE:

12. Refer to the 2014 Trial Balance (MFR Attachment 10-2). Provide the B&W Pipeline LLC billing statements/invoices to the customers for each of the following income items in 2014:

- a) 40000 · INCOME (OWN) (a):41000 · OPERATIONAL INCOME:41100
· SALES:41110 · OIL&GAS:41111 · Gas of \$76,471.15
- b) 40000 · INCOME (OWN) (a):41000 · OPERATIONAL INCOME:41100
· SALES:41120 · TTCD SERVICES:41124 · Navitas Utility Corporation
of \$36,183.14

RESPONSE:

13. Refer to the 2014 Trial Balance (MFR Attachment 10-2). Provide the contract, agreement, invoices, order, or other documents and communications supporting the amount in account 20000 · LIABILITIES:21000 · CURRENT LIABILITIES:21500 · ACCRUED LIABILITIES:21510 · ACCRUED LIABILITIES:21514 · Funds Withheld To Gasco of \$14,988.90.

RESPONSE:

14. Does B&W Pipeline have records of the size, type, diameter and quantity (e.g., in feet or miles) of its pipeline in each Tennessee county in which it has pipeline assets?

- a) If not, explain fully why not.
- b) If so, identify the size, type, diameter and quantity (e.g., in feet or miles) of its pipeline that is located in each Tennessee county. Provide documents

and communications such as but not limited to maps you have regarding the pipeline and the gas gathering systems that are connected to the pipeline.

RESPONSE:

15. Does B&W Pipeline have a Transmission Integrity Management Program (TIMP) or Distribution Integrity Management Program (DIMP)? If so, please identify and provide it and all related documents and communications.

RESPONSE:

16. Identify and provide the Company's analysis to assure there is no cross-subsidization of non-regulated operations. Include supporting documents, communications and policies for this analysis, including but not limited to a cost allocation manual.

RESPONSE:

17. Identify and provide the invoices and contracts or agreements related to the outside professional services referenced in MFR 14. For each professional service, explain the specific business reasons for acquiring the service.

RESPONSE:

18. Refer to the response to MFR 33. Please provide the regular salary and wage rate by employee of the Operator, Enrema, LLC and the details of all costs charged or allocated by the Operator to the Company for the test year ending December 31, 2014. Please denote in your

response by hourly and salary employees; also identify any part time employees, and provide copies of the time reports of each Operator employee that performed work for the Company during the test year.

RESPONSE:

19. Please provide the amount paid to any independent contractors that B&W has hired as of December 31, 2014. Please denote in your response by hourly and salary contractors; also identify any part time contractors. Please provide all related documents, including contracts or agreements.

RESPONSE:

20. Please identify and provide organizational documents and any contracts between B&W and its owner and any affiliates of B&W.

RESPONSE:

21. Refer to MFR 32 where it states that: "B&W Pipeline has no capitalized payroll." Are there any affiliated employees such as for the Operator (see response to MFR 33) that work on capital or O&M projects for B&W? If so, show in detail how the charges to B&W from affiliates are allocated and accounted for between (1) operating expenses and (2) capital projects. Please provide any and all supporting documentation.

RESPONSE:

22. The responses to MFR 41 and MFR 48 mention that: "B&W Pipeline is a single member limited liability company."

- a) Please identify and provide the organizational documents and minute books for B&W from its inception to the filing date of this request.
- b) Please identify the single member (and other prior members) of B&W and provide a copy of the 2014 financial statements and December 31, 2014 trial balance for each owner/member.

RESPONSE:

23. Please provide the 2014 property tax bills (due March 2015) for each taxing jurisdiction in Tennessee for which B & W is assessed property taxes.

RESPONSE:

24. Please provide the following information regarding Plant in Service and Accumulated Depreciation by account as of December 31, 2013, December 31, 2014, and June 30, 2015:

- a) Account number;
- b) Account name and description;
- c) Plant account balance;
- d) Depreciation rate;
- e) Accumulated depreciation balance; and
- f) Net book value.

RESPONSE:

25. Refer to the General Ledgers provided in MFR Attachments 8-1 and 8-2. What is the "Free Consumers Pipeline" and how does it relate to B&W Pipeline's operations? Please provide all related documents and communications.

RESPONSE:

26. Refer to the General Ledgers provided in MFR Attachments 8-1 and 8-2. Has any cost for gas production, gas wells, or gas inventory storage been included in B&W Pipeline's proposed rate base or operating expenses? If so, list the amounts so included by amount and account. Please provide all related documents and communications.

RESPONSE:

27. Refer to the General Ledgers provided in MFR Attachments 8-1 and 8-2. Why is B&W collecting funds on Behalf of Rugby Energy, LLC from Wells Transferred to Rugby and what is the relationship between B&W and Rugby Energy? Please provide all related documents and communications, including but not limited to a contract or agreement.

RESPONSE:

28. Identify the natural gas wells and any other assets that were transferred from B&W Pipeline to Enrema, identify the compensation paid to B&W Pipeline for such assets and provide the related documents and communications.

RESPONSE:

29. Please identify each person the Company expects to call as an expert witness at the hearing on the merits in this docket, and for each such expert witness state the matter on which the expert is expected to testify, and the grounds for each opinion. Please provide curriculum vitae for each such expert.

RESPONSE:

30. Please produce copies of all documents -- including, without limitation, work papers, spreadsheets, summaries, charts, notes, exhibits, articles, journals, treatises, periodicals, publications, reports, records, statements, Internet web pages, or financial information -- relied upon by any of your witnesses in evaluating, reaching conclusions, or formulating an opinion in this matter.

RESPONSE:

31. Please produce copies of all documents referred to or relied upon in responding to these discovery requests.

RESPONSE:

32. Please produce copies of all hearing exhibits that you plan to introduce, use, or reference at the hearing on the merits in this docket.

RESPONSE:

33. Please provide all working Excel (or other data files) containing the information provided in response to these request items and those provided previously in the MFR items.

RESPONSE:

34. Identify each individual responding to these interrogatories and requests for production of documents. Affirm that the individual is authorized by B&W to respond on the Company's behalf.

RESPONSE:

35. Pursuant to Tenn. R. Civ. P. 33.01, affirm under oath that the responses contained herein are true, accurate, and complete. A verification is provided on the following page.

RESPONSE:

Respectfully submitted,



RACHEL A. NEWTON (#022960)
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 532-5512

Dated: June 18, 2015.

VERIFICATION OF INTERROGATORY RESPONSES

I, _____ (please print or type the name of the individual who responded to the interrogatories on behalf of B&W), being the authorized representative of B&W for the purpose of responding to these interrogatories and requests for production of documents and the individual identified in Question 34 above, being duly sworn, affirm that the interrogatory responses set forth above are true, accurate, and complete.

Signature of individual who responded to these
interrogatories and identified in Question 34 above.

County of _____)

State of _____)

On this the ____ day of _____, 2015, personally appeared before me the above named _____ (please print or type name of person responding to these interrogatories on behalf of B&W and identified in Question 34) known to me personally or made known to me by satisfactory proof, who was duly sworn and on oath executed the above verification.

Notary Public

My commission expires:

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

Henry Walker, Esq.
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, TN 37203
Attorney for B&W Pipeline, LLC

Klint Alexander # 20420
Baker, Donelson, Bearman,
Caldwell & Berkowitz, P.C.
211 Commerce Street, Suite 800
Nashville, Tennessee 37201
(615) 726-5600
Attorney for Navitas TN NG, LLC

This the 18 day of June 2015.



RACHEL A. NEWTON