

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2012-28

RECEIVED

FEB 27 2012

PUBLIC SERVICE
COMMISSION

In the Matter of:

KENTUCKY FRONTIER GAS
COMPANY, LLC AS BANKRUPTCY
OPERATOR OF B.T.U. GAS COMPANY

PETITIONER,

Vs.

HARRY THOMPSON, THOMPSON ENERGY
ET. AL AND OTHER UNKNOWN ENTITIES

RESPONDENTS.

ANSWER

Come the Respondents, Harry Thompson, Wilson Gathering Systems, Inc., and Chattaco, Inc., and for their Answer to the Complaint of the Petitioner, state as follows:

FIRST DEFENSE

1. The Complaint of the Petitioner fails to state actionable claims against the Answering Respondents upon which relief can be granted, and, therefore, must be dismissed.

SECOND DEFENSE

2. The Answering Respondents state that they are without sufficient information to form a belief as to the truth of the allegations contained in paragraphs 1, 2, 3, 4, 5, 6 and 7, of the Complaint filed by Frontier Gas Company, LLC ("Frontier"), and, therefore, deny them.

3. With respect to the allegations contained in paragraph 6 of the Complaint, the Answering Respondents state that the first sentence of said paragraph is a conclusion of law to which no response is required. With respect to the remaining sentence of said

paragraph the Answering Respondents state that they are without information sufficient to form a belief as to the truth of the allegations within said sentence and, therefore, deny them.

4. With respect to the allegations contained in paragraph 8 of the Complaint the Answering Respondents state that they are without sufficient information to form a belief as to their truth, and, therefore, deny them. The Answering Respondents further deny that the account of any customer of Pam Williams was wrongly transferred to any one of the Answering Respondents, and further state that to their knowledge there is no entity known as "Thompson Energy."

5. With respect to the allegations contained in paragraph 9 of the Complaint, the Answering Respondents state that they are without sufficient information to form belief as to their truth, and, therefore, deny them. The Answering Respondents further states that Wilon Gathering Systems, Inc. paid BTU to construct two pipelines in 2006. These pipelines were transferred by BTU to Wilon Gathering Systems, Inc. in 2006, with BTU reserving the rights to transport gas along those pipelines to its customers. BTU was required to account for all such gas transported and to pay a transport fee. The two pipelines, hereafter referred to as the "Wilon Pipelines," are more particularly described in Exhibit 1 to Frontier's Complaint.

6. With respect to the allegations contained within the first three sentences of paragraph 10 of the Complaint the Answering Respondents state that they are without sufficient information to form a belief as to their truth, and, therefore, deny them. With respect to the remainder of paragraph 10 of the Complaint, the Answering Respondents states that the documents attached to the Complaint as Exhibit 1 speak for themselves. The

Answering Respondents further state that the Wilon Pipelines are owned by AXG, Inc. as successor to Wilon Gathering Systems, Inc. The Answering Respondents further state that they believe Frontier is mistaken in its description of the pipelines at issue and misinformed as to how and where gas is transported to BTU customers.

7. With respect to the allegations contained in paragraph 11 of the Complaint the Answering Respondents state that they are without sufficient information to form a belief as to their truth, and therefore, deny them. The Answering Respondents also specifically deny that the Answering Respondents claim any customers, and state that to the extent that any BTU customers are or were ever connected to the Wilon Pipelines that those connections were made by BTU.

8. The Answering Respondents are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 12 of the Complaint, and, therefore, deny them.

9. The allegations contained within the first of grammatical paragraph of paragraph 13 of the Complaint are conclusions of law to which no response is necessary. The Answering Respondents deny the remaining allegations contained within paragraph 13 of the Complaint. The Answering Respondents further state that neither Frontier nor B.T.U. have any right or authority to challenge, attack, or effect the ownership of the Wilon Pipelines, and that AXG, Inc. owns those pipelines.


10. With respect to the Order issued by the Commission, the Answering Respondents deny that they are now or ever have been operating as a utility, and they deny that they have conducted any unlawful activity. The Answering Respondents own the Wilon Pipelines and certain wells that transport gas into the Wilon Pipelines and also to

B.T.U. B.T.U. has always been responsible for providing any gas to its customers, and to the extent that B.T.U. did so through the Wilon Pipelines it had the contractual right to do so. To the extent that customers attached to the Wilon Pipelines received free gas because they were not metered or otherwise accounted for, that is the responsibility of B.T.U. The Answering Respondents have allowed their gas to flow through the Wilon Pipelines without charge to B.T.U. as an attempted accommodation and only because the Answering Respondents do not desire to see any person's gas supply disconnected. The Answering Respondents cannot and do not make any representation as to the legality of B.T.U.'s conduct, the manner in which gas is transported to B.T.U. customers, or any agreements between B.T.U. and its customers. If the commission desires that the Answering Respondents cut off any gas that they are placing into the Wilon Pipelines, then the Answering Respondents will do so. The Answering Respondents have not diverted or taken any gas supplies or gas facilities from anyone.

THIRD DEFENSE AND COUNTERCOMPLAINT

11. The Answering Respondents state that since taking over operation of B.T.U., Frontier has used, taken or diverted the Answering Respondents' gas supplies and gas facilities unlawfully and without paying or otherwise providing proper consideration and without properly accounting for the use.

I have read the foregoing and state that the information contained therein is true and correct to the best of my knowledge and belief.



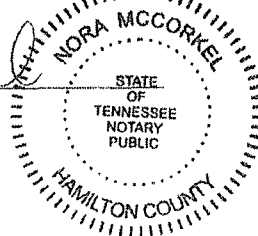
Harry Thompson

STATE OF TENNESSEE)

COUNTY OF Hamilton)

Subscribed and sworn before me by HARRY THOMPSON, this the 27 day of February, 2012.

Nora McCorkel
NOTARY PUBLIC



My Commission Expires: 9/4/2013

Shelby Kinkead, Jr.

Adrian M. Mendiondo
Shelby C. Kinkead, Jr.
Kinkead & Stilz, PLLC
301 East Main St., Ste. 800
Lexington, Kentucky 40507
*Counsel for Respondent Harry Thompson,
Thompson Energy, et al.*

Certificate of Service

I hereby certify that original of the foregoing Answer has been served by first class mail, postage prepaid, on this the 27th day of February, 2012, to the following:

John N. Hughes, Esq.
124 West Todd St.
Frankfort, Kentucky 40601
Counsel for Petitioner

Shelby Kinkead, Jr.
Counsel for Respondent