

RICHARDSVILLE GAS CO., INC.
P.O. BOX 9675
BOWLING GREEN, KY 42102
270-842-9428

RECEIVED

FEB 28 2014

PUBLIC SERVICE
COMMISSION

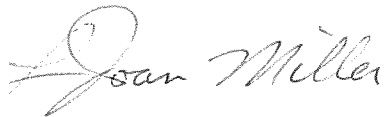
February 26, 2014

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Dear Commission:

Please find enclosed the information requested for the rate increase Case No.2013-00234 . If you need further information please contact me.

Sincerely,



Joan Miller
Richardsville Gas Co., Inc.

Cc: Kentucky Attorney General

RECEIVED

FEB 28 2014

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION PUBLIC SERVICE
COMMISSION

APPLICATION OF RICHARDSVILLE GAS
COMPANY, INC. FOR AN ADJUSTMENT OF
RATES ON AN EMERGENCY BASIS UNDER
807 KAR 5:076, THE COMMISSION'S
ALTERNATIVE RATE FILING PROCEDURE,
FOR A ONE-YEAR RATE SURCHARGE FOR
NON-RECURRING CHARGES

2013
CASE NO. 00234

APPLICATION

Richardsville Gas Company, Inc. (Richardsville) is a gas distribution company serving approximately 47 customers in the Richardsville community in northern Warren County, Kentucky. The last rate application by Richardsville for an increase in its rates was filed five years ago (Case No. 2009-00123). Since that time, it has experienced reductions in customers and sales volumes. It has experienced increases in expenses that have, at times, made it necessary for the owner to pay the costs out of personal funds. This was exacerbated by problems with Richardsville's billing software which resulted in the bills to its customers not including any charge for recovery of its gas commodity costs for all of 2012 and part of 2013. Even so, when operations are viewed strictly from the perspective of non-gas costs, Richardsville does not produce sufficient revenue to recover the non-gas costs necessary to operate and maintain its facilities.

A factor which complicates Richardsville's situation is the nature of its natural gas supply. Since its own gas well went dry five years ago, Richardsville has relied on gas supplied from a local well owned by Mr. Mark Young. This supply is adequate until temperatures are below 18 to 20 degrees for a day or two, which results in insufficient pressure to maintain an adequate flow of gas to our customers. Richardsville has dealt with these situations by operating a peak shaving plant to mix propane and air with the natural gas in its lines to maintain adequate pressure. The propane is supplied by Miller's Bottled Gas, Inc., a local propane supplier owned by the owner of Richardsville. Some components of the peak shaving plant are as much as 30 years old and the plant is subject to more frequent breakdowns at present than in past years. The cost of propane is much more than the \$2.50 per Mcf cost of natural gas under the agreement with Mr. Young. Richardsville has not passed the full propane cost on to its customers, many of whom are elderly and/or on fixed incomes. This has resulted in Richardsville being unable to pay for all of the propane supplied by the bottled gas company such that it owes Miller's Bottled Gas more than \$20,000.

In June of 2013, the owner of Richardsville submitted a request for approval to abandon the gas system citing its financial situation and increasing costs of complying with federal and state safety regulations. After responding to two information requests from the Commission Staff and participating in an informal conference, Richardsville contacted the Staff to indicate it was interested in pursuing a rate increase if assistance in preparing an application could be provided by the Staff.

After further communication with members of the Commission Staff, the attached application was prepared in which Richardsville is requesting to increase its base rates to produce additional annual revenue of \$6,241, resulting in total annual revenue, including gas cost recovery, of \$23,826. Due to concerns about whether it can continue to provide adequate gas service, Richardsville asks that its requested increase be considered a request for an emergency rate increase and that the Commission allow the proposed rates to go into effect within 30 days of receiving this application.

Richardsville also seeks approval of a \$4.50 surcharge per customer per month for a period of 18 months to produce roughly \$3,600 in revenue to fund the purchase of a new pressure monitoring and charting recorder and pay the cost for employees of Miller's Bottled Gas to receive training for safety and operator certification that the employees previously had but has since expired. (The recorder we hope to purchase is a Barton 202E model which is shown on the attachment to this application. This is the same model as our old recorder which is no longer repairable). Richardsville is also seeking approval to update and increase the propane surcharge that was approved in Case No. 2009-00123 plus approval of four new non-recurring charges: a returned check charge; late payment charge; collection charge; and reconnection charge.

The attached application includes all of the relevant attachments except for a schedule of depreciation. The Richardsville system was fully depreciated in 2011 and a depreciation schedule is no longer maintained. No depreciation expense was recorded in 2012, which is the calendar year being used as Richardsville's test year.

Richardsville respectfully requests the Commission's expedited consideration of this rate request. Please do not hesitate to contact us if further information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Glenn Miller".

P. Glenn Miller

Owner and President

Richardsville Gas Company, Inc.

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

**APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Richardsville Gas Company, Inc.
(Name of Utility)

110 East Campbell Lane P.O. Box ~~7000~~ 9675
(Business Mailing Address - Number and Street, or P.O. Box)

Bowling Green, Kentucky 42102
(Business Mailing Address - City, State, and Zip)

270-842-9427
(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Joan Miller -- Vice President
(Name)

110 East Campbell Lane P.O. Box ~~7000~~ 9675
(Address - Number and Street or P.O. Box)

Bowling Green, Kentucky 42102
(Address - City, State, Zip)

270-842-9427
(Telephone Number)

joanmiller@twc.com
(Email Address)

(For each statement below, the Applicant should check either "YES" or "NO".)

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|---|-------------------------------------|-------------------------------------|
| 4. a. Applicant is a corporation. A certified copy of its articles of incorporation and all amendments are attached to this application or were filed with the Public Service Commission in Case No. <u>2009-00123</u> . | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant is a limited liability company. A certified copy of its articles of organization and all amendments are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. Applicant is a limited partnership. A certified copy of its limited partnership agreement and all amendments thereto are attached to this application or were filed with the Public Service Commission in Case No. _____. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. Applicant is a sole proprietorship or partnership. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. Applicant is a water district organized pursuant to KRS Chapter 74. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f. Applicant is a water association organized pursuant to KRS Chapter 273. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. a. Applicant has 20 or fewer customers or is a sewer utility and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant has more than 20 customers, is not a sewer utility, and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Applicant has more than 20 customers, is not a sewer utility, and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." (Attach completed "Reasons for Application" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | | YES | NO |
|-------|--|-------------------------------------|-------------------------------------|
| 8. | Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." (Attach completed "Current and Proposed Rates" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. | Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, <u>2012</u> . | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. | Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." (Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. | Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ <u>6.241</u> and total revenues from service rates of \$ <u>23.262</u> . The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. (Attach a completed "Revenue Requirement Calculation" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 12. | As of the date of the filing of this application , Applicant had <u>47</u> customers. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 13. | A billing analysis of Applicant's current and proposed rates is attached to this application. (Attach a completed "Billing Analysis" Attachment.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 14. | Applicant's depreciation schedule of utility plant in service is attached. (Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 15.a. | Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. | Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. | Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- | | YES | NO |
|--|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. Applicant is required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 17. Approximately _____ (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, 54(h) requires complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed *Joan Miller*
 Officer of the Company/Authorized Representative
 Title *Secretary*
 Date *2-24-2014*

COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

Before me appeared FEB. 24, 2014, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

J. L. Miller
 Notary Public
 My commission expires: MARCH 23, 2015

NOTICE

Notice is hereby given that Richardsville Gas Company, Inc. seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of its base gas rates in the total amount of \$6,241 on an annual basis. The percentage increase will be approximately 36.67 percent. Richardsville Gas is also seeking approval of a surcharge of \$4.50 per customer per month to be in effect for 18 months that will produce \$3,645.

The estimated amount of increase per customer class/meter size is:

<u>All Customers</u>	<u>Existing Rates</u>	<u>Proposed Rates</u>	<u>Proposed Increase</u>	
			<u>Amount</u>	<u>%</u>
Base Rates				
First 2 Mcf (Min. Bill)	\$5.65			
All Mcf over 2	\$2.41			
Monthly				
Customer Charge		\$10.00	\$4.35	77%
All Mcf		\$3.21	\$0.80	38%
Gas Cost				
Per MCF	\$2.50	\$2.50	\$ 0	0%
Propane				
Surcharge	\$5.70	\$17.44	\$11.74	206%
Returned Check Charge		\$30.00	\$30.00	NA
Collection Fee		\$50.00	\$50.00	NA
Re-Connection Fee		\$50.00	\$50.00	NA
Late Payment Charge		10%	NA	NA

IMPACT ON AVERAGE CUSTOMER BILL

	<u>Existing</u>	<u>Proposed</u>	<u>% Increase</u>
5.4 MCF Avg. Usage	\$44.78	\$58.27	41.57%

The base gas rates contained in this notice are the rates proposed by Richardsville Gas Company, Inc.; however, the Public Service Commission may order gas rates to be charged that differ from the proposed gas rates contained in this notice.

Notice is further given that any corporation, association, or person with a substantial interest in the matter may, by written request within thirty (30) days after the publication of this notice, request to intervene in the matter before the Public Service Commission. Intervention may be granted beyond the thirty (30) day period for good cause shown. The request should be submitted to the Public Service Commission at its address shown below. Any person who has been granted intervention by the Commission may obtain copies, free of charge, of the application and testimony by contacting Richardsville Gas Company, Inc. at the address below. Any person may examine the rate application and any other filings made by Richardsville Gas Company at its offices or at the Public Service Commission at the addresses below.

Richardsville Gas Company, Inc.
110 East Campbell Lane
P.O. Box 9675
Bowling Green, KY 42102
Telephone: 270-842-9427

Public Service Commission
211 Sower Boulevard
P.O. 615
Frankfort, Kentucky 40601
Telephone: 502-564-3940

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

Reasons a rate adjustment, and proposed surcharge, are required:

- 1) Until roughly six years ago, the gas supplied to our customers came from a well owned by Richardsville Gas. Under that arrangement, we were able to supply our customers and charge only \$1.00 per Mcf for the gas commodity. When that well went dry, we entered into a gas supply contract with a local gas producer at a cost of \$2,50 per Mcf. Since the time the gas cost was increased, our Mcf sales to our customers has declined as they have made efforts to conserve.
- 2) Richardsville Gas is required to comply with many of the same safety regulations as much large gas companies. We are required to have an annual leak survey performed and to have trained operators who are certified in safety and operation matters. The costs of the annual surveys and the training and certification have increased since our last rate increase in 2009 and so that we have not been able have a leak survey performed every year and have not been able to pay to have our people trained and certified since 2011.
- 3) We own Millers' Bottled Gas, a propane supplier based in Bowling Green. Generally, for many things needed by Richardsville Gas, the propane company has subsidized Richardsville Gas. This includes both office supplies and labor costs for maintenance and repairs. It also includes the limited number of hours that are required on the part of my husband and me for the management of Richardsville Gas.
- 4) The gas well which supplies Richardsville Gas under the gas supply contract mentioned earlier does not have adequate pressure when the temperature gets down to 18 to 20 degrees for a day or more. To serve our customers we operate a peak shaving plant and supplement the natural gas with a mix of propane and air when we have these colder temperatures. Because some parts of the peak shaving plant are more than 30 years old, it is more prone to breakdowns and requires repair more often than in the past.
- 5) We have historically mowed the land where Richardsville Gas's gas well and regulators are located three to four times over the course of the spring, summer and fall. This allowed the grass to get quite tall between mowings. However, the county government now requires that the grass not get more than a few inches tall between mowings, so it needs to be mowed roughly twice a month from April to October. This area is roughly five acres, so the cost per mowing is not an insignificant expense.
- 6) We are requesting authority to increase our approved propane surcharge from \$5.70 per month to \$17.44 per month. This is needed due to greater reliance on propane and higher cost of propane since the surcharge was approved in 2009.
- 7) We are requesting authority to implement a Safety Surcharge in the amount of \$5.00 per month, to be in effect for 18 months. The proceeds are needed to fund the purchase of a new pressure monitoring and charting recorder and to have employees of our bottled gas company trained for the safety and operation certification they previously had but which has since expired. The recorder is needed to monitor the line pressure of our system so it can be managed to stay below the maximum allowable operating pressure and allow us to more quickly determine if the operating pressure has dropped to the point that it is necessary to operate our peak shaving plant. The need for the safety and operation certification is required for the operation of the gas system and to be in compliance with applicable regulations.

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

Richardsville Gas Company, Inc.

Current Rates

Minimum Bill - for first 2 Mcf	\$5.65
Above 2 Mcf	\$2.41
Gas cost: per Mcf	\$2.50
Propane surcharge: per month	\$5.70

Proposed Rates

Customer Charge - zero usage	\$10.00
All Mcf	\$3.21
Gas cost; per Mcf	\$2.50
Propane surcharge: per month	\$17.44
Safety surcharge: per month	\$5.00
Returned Check Charge	\$30.00
Collection Fee	\$50.00
Re-Connection Fee	\$50.00
Late Payment Charge	10%

SCHEDULE OF ADJUSTED OPERATIONS - GAS UTILITY

TYE 12/31/20 12

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Gas				
Residential	8,359.00			8,359.00
Commercial & Industrial	779.00			779.00
Interdepartmental				0.00
Sales for Resale				0.00
Total Sales of Gas	9,138.00	0.00		9,138.00
Other Operating Revenues				
Forfeited Discounts				0.00
Miscellaneous Service Revenues	564.00			564.00
Rent from Gas Property				0.00
Other Gas Revenues	7,883.00	-315.00	a.	7,568.00
Total Operating Revenues	17,585.00	-315.00		17,270.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Manufactured Gas Production Expenses				0.00
Natural Gas Production Expenses				0.00
Exploration and Development Expenses				0.00
Storage Expenses				0.00
Other Gas Supply Expenses	7,568.00			7,568.00
Transmission Expenses				0.00
Distribution Expenses	2,559.00	2,630.00	b.	5,189.00
Customer Accounts Expenses	695.00	105.00	c.	800.00
Customer Service and Informational Expenses				0.00
Administrative and General Expenses	4,366.00	2,304.00	d.	6,670.00
Total Operation and Maintenance Expenses	15,188.00	5,039.00		20,227.00
Depreciation Expense				0.00
Amortization Expense				0.00
Taxes Other Than Income	806.00	-261.00	e.	545.00
Income Tax Expense				0.00
Total Operating Expenses	15,994.00	4,778.00		20,772.00
Utility Operating Income	1,591.00	-5,093.00		-3,502.00

References

Test Year Adjustments:

- a. Other Gas Revenues of \$7,883, which is from a surcharge for propane mixed with natural gas during the winter, is reduced by \$315 to exactly offset the amount of Gas Supply Expenses in determining the revenue requirement. The propane surcharge is billed in arrears, so the propane revenue in 2012 was based on what the utility was billed for propane in 2011. In 2012, due to an error in the utility's computer program, customers were not billed the gas commodity cost so the utility reported no gas cost revenue during 2012.
- b. Maintenance expenses of \$2,559 that were reported as Administrative and General Expenses in the annual report have been reclassified and reported as Distribution Expenses. In addition, there are two adjustments that increase Distribution Expenses by a total of \$2,630: (1) a \$1,410 increase in annual mowing cost per requirements of Warren County government, and, (2) a \$1,220 increase to reflect the full amount of the annual leak survey cost and regulator inspection cost.
- c. Uncollectible Accounts Expense -- there is one adjustment that increases Customer Accounts Expense: an increase of \$105, from \$695 to \$800, for the cost of the meter reader.
- d. Administrative and General Expenses -- there are three adjustments that increase A & G expenses by a net amount of \$2,304: (1) an increase in postage costs, plus recognizing the cost of paper, folders, envelopes, etc. that have been provided by the propane company, result in an increase in office supplies & expenses of \$391; (2) include \$1,800 for management services being provided and that have been provided at a cost to the propane company; and (3) recognize that from 2012 to 2013 annual utilities costs increased from \$1,023 to \$1,126, for an increase of \$103.
- e. Taxes Other Than Income Taxes: Reduce by \$261 to eliminate impact of property taxes for two years (2011 and 2012) being included in 2012 expenses.

Surcharge Request: Richardsville understands that the cost of equipment is not typically allowed to be recovered through rates prior to purchasing the equipment. It is also Richardsville's understanding that the full amount of costs incurred regularly, but not each year, are not typically included in the annual revenue requirement. Based on these understandings, due to its poor financial condition, Richardsville is requesting approval to implement a temporary surcharge of \$4.50 per customer per month to fund the purchase of a pressure monitoring and charting recorder and the cost for five employees of Miller's Bottled Gas, Inc. to receive training for new maintenance certification and for one employee of Miller's Bottled Gas, Inc. to receive training for a new operator's certification. The estimated cost of the pressure monitoring and charting device is \$2,400 while the cost for the six employees to be recertified is estimated to be \$1,200. The number of customers on the Richardsville system generally ranges between 48 and 45. At the lower customer number of 45, a \$4.50 surcharge will produce \$3,645 over 18 months.

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	\$13,204.00
Operating Ratio	0.88
Sub-Total	15,004.55
Less: Pro forma Operating Expenses Before Income Taxes	-13,204.00
Net Income Allowable	1,800.55
Add: Provision for State and Federal Income Taxes, if Applicable (see footnote)	429.00
Interest Expense	824.00
Pro forma Operating Expenses Before Taxes	13,204.00
Cost of Natural Gas (water utilities should leave this blank)	7,568.00
Total Revenue Requirement	23,825.55
Less: Other Operating Revenue	564.00
Non-operating Revenue	0.00
Interest Income	0.00
Total Revenue Required from Rates for Service	23,261.55
Less: Revenue from Sales at Present Rates	17,021.00
Required Revenue Increase	6,240.55

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	36.66%
--	--------

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

Revenue	1
Less: 5% State Tax	-0.05
Sub-Total	0.95
Less: Federal Tax, 15% of Sub-Total	-0.1425
Percent Change in NOI	0.8075
Factor (Revenue of 1 divided by change in NOI)	1.23839
Times: Allowable Net Income	1,800.55
Net Income Before Taxes	2,229.78
Difference Equals Provision for State and Federal Income Taxes	429.23

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.

Richardsville Gas Co., Inc.

Billing Analysis at Present/Proposed Rates
 Test Period from 1/1/2012 to 12/31/2012

USAGE TABLE

Usage by Rate Increment

Class: All - Present

	Bills	0 - 2 Mcf	Over 2 Mcf	Total
First 2 Mcf (Min.)	564	578		578
Over 2 Mcf			2449	2449
Totals	564	578	2449	3027

USAGE TABLE

Usage by Rate Increment

Class: All - Proposed

	Bills	Mcf		Total
All Mcf	564	3027		3027
Totals	564	3027		3027

REVENUE TABLE

Revenue by Rate Increment

	Bills	0 - 2 Mcf	Rates	Revenue
First 2 Mcf (Min.)	564	578	\$ 5.65	\$ 3,187
Over 2 Mcf		2449	\$ 2.41	\$ 5,902
Totals	564	3027		\$ 9,089

REVENUE TABLE

Revenue by Rate Increment

	Bills	Mcf	Rates	Revenue
All Mcf		3027	\$ 3.21	\$ 9,717
Totals		3027		\$ 9,717

BILLING ANALYSIS - FLAT RATES

Revenue from Proposed Rates

Number of Customers	47
Flat Monthly Rate	\$ 10.00
Monthly Revenue	\$ 470
Number of Months	12
Annual Flat Rate Revenue	\$ 5,640
Sales Volumes Revenue	\$ 9,717
Total Proposed Revenue	\$ 15,357

NONRECURRING CHARGE COST JUSTIFICATION

Richardsville Gas Company, Inc.

Type of Charge: Service Trip Charges (Collection, Reconnect)

1. Field Expense:

A.	Materials (Itemize)	
	_____	\$ _____
	_____	_____
	_____	_____
B.	Labor (Time and Wage)	
	Labor rate for 1 hour, two technicians	<u>\$80.00</u>
	Total Field Expense	<u>\$80.00</u>

2. Clerical and Office Expense

A.	Supplies	\$ _____
B.	Labor	_____
	Total Clerical and Office Expense	\$ _____

3. Miscellaneous Expense

A.	Transportation 34 miles @ \$.565/mile*	<u>\$19.21</u>
B.	Other (Itemize)	
	*IRS 2013 mileage rate	
	_____	_____
	_____	_____
	_____	_____
	Total Miscellaneous Expense	<u>\$19.21</u>

Total Nonrecurring Charge Expense **\$ 99.21**

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Richardsville Gas Company, Inc. ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Miller's Bottled Gas, Inc.	Provides propane to Richardsville Gas -- 2012	\$0.00
Miller's Bottled Gas, Inc.	Provides propane to Richardsville Gas -- 2011	\$9,500.00

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.

Joan Miller

(Print Name)

Joan Miller

(Signed)

Vice President

(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

Subscribed and sworn to before me by L. Joan Miller
(Name)

this 26 day of FEBRUARY, 20 14.

A. L. Miller
NOTARY PUBLIC
State-at-Large MARCH 23, 2015

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- All amendments to Applicant's Articles of Incorporation, Articles of Organization, or Limited Partnership Agreement.
- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- "Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- "Billing Analysis" Attachment
- Depreciation Schedule
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

COPY

OMB No. 1545-0123

2012

Form 1120

U.S. Corporation Income Tax Return

For calendar year 2012 or tax year beginning _____, 2012, ending _____,
Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

Department of the Treasury Internal Revenue Service

A Check if: 1 a Consolidated return (attach Form 851) b Life/nonlife consolidated return 2 Personal holding co (attach Sch PH) 3 Personal service corp (see instrs) 4 Schedule M-3 attached. TYPE OR PRINT RICHARDSVILLE GAS COMPANY, INC. P. O. BOX 9675 BOWLING GREEN, KY 42102-9675 B Employer identification number C Date incorporated 5/15/1977 D Total assets (see instructions) \$ 36,591. E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

INCOME Table with 11 rows: 1 a Gross receipts or sales 17,072. b Returns and allowances. c Balance. Subtract line 1b from line 1a. 2 Cost of goods sold (attach Form 1125-A). 3 Gross profit. Subtract line 2 from line 1c. 4 Dividends (Schedule C, line 19). 5 Interest. 6 Gross rents. 7 Gross royalties. 8 Capital gain net income (attach Schedule D (Form 1120)). 9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797). 10 Other income (see instructions - attach schedule). SEE STATEMENT 1. 11 Total income. Add lines 3 through 10. 10,017.

FOR DEDUCTIONS Table with 19 rows: 12 Compensation of officers (see instructions - attach Form 1125-E). 13 Salaries and wages (less employment credits). 14 Repairs and maintenance. 15 Bad debts. 16 Rents. 17 Taxes and licenses. 18 Interest. 19 Charitable contributions. 20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562). 21 Depletion. 22 Advertising. 23 Pension, profit-sharing, etc, plans. 24 Employee benefit programs. 25 Domestic production activities deduction (attach Form 8903). 26 Other deductions (attach statement). SEE STATEMENT 2. 27 Total deductions. Add lines 12 through 26. 9,251. 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11. 766. 29a Net operating loss deduction (see instructions). SEE ST. 3. 766. 29b Special deductions (Schedule C, line 20). 29c Add lines 29a and 29b. 766.

TAXES AND REFUNDABLE CREDITS Table with 7 rows: 30 Taxable income. Subtract line 29c from line 28 (see instructions). 0. 31 Total tax (Schedule J, Part I, line 11). 0. 32 Total payments and refundable credits (Schedule J, Part II, line 21). 0. 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached. 34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed. 0. 35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid. 36 Enter amount from line 35 you want: Credited to 2013 estimated tax. Refunded.

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer Date Title May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [] No

Paid Preparer Use Only Print/Type preparer's name KEITH A HILLIARD, CPA Preparer's signature KEITH A HILLIARD, CPA Date 7/2/12 Check self-employed if PTIN P00013493 Firm's name HILLIARD & FISHER CPA'S Firm's EIN Firm's address PO BOX 1400 BOWLING GREEN, KY 42102-1400 Phone no. (270) 781-0386

Schedule C Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock).....		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock).....		80	
3 Dividends on debt-financed stock of domestic and foreign corporations.....		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities.....		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities.....		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs.....		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs.....		80	
8 Dividends from wholly owned foreign subsidiaries.....		100	
9 Total. Add lines 1 through 8. See instructions for limitation.....			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958.....		100	
11 Dividends from affiliated group members.....		100	
12 Dividends from certain FSCs.....		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12.....			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471).....			
15 Foreign dividend gross-up.....			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3.....			
17 Other dividends.....			
18 Deduction for dividends paid on certain preferred stock of public utilities.....			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4.....			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b.....			

Schedule J Tax Computation and Payment (see instructions)

Part I – Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)).		
2	Income tax. Check if a qualified personal service corporation (see instructions).	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)	5 a	
	b Credit from Form 8834, line 30 (attach Form 8834)	5 b	
	c General business credit (attach Form 3800)	5 c	
	d Credit for prior year minimum tax (attach Form 8827)	5 d	
	e Bond credits from Form 8912	5 e	
6	Total credits. Add lines 5a through 5e.	6	
7	Subtract line 6 from line 4	7	
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9 a	
	b Recapture of low-income housing credit (attach Form 8611)	9 b	
	c Interest due under the look-back method – completed long-term contracts (attach Form 8697)	9 c	
	d Interest due under the look-back method – income forecast method (attach Form 8866)	9 d	
	e Alternative tax on qualifying shipping activities (attach Form 8902)	9 e	
	f Other (see instructions – attach statement)	9 f	
10	Total. Add lines 9a through 9f.	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31.	11	0.

Part II – Payments and Refundable Credits

12	2011 overpayment credited to 2012	12	
13	2012 estimated tax payments	13	
14	2012 refund applied for on Form 4466	14	
15	Combine lines 12, 13, and 14	15	0.
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16 and 17.	18	0.
19	Refundable credits from:		
	a Form 2439	19 a	
	b Form 4136	19 b	
	c Form 8827, line 8c	19 c	
	d Other (attach statement – see instructions)	19 d	
20	Total credits. Add lines 19a through 19d.	20	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	0.

Schedule K Other Information (see instructions)

1	Check accounting method	a <input type="checkbox"/> Cash	b <input checked="" type="checkbox"/> Accrual	c <input type="checkbox"/> Other (specify) ▶	Yes	No	
2	See the instructions and enter the:						
	a Business activity code no. ▶	221210					
	b Business activity ▶	SALES					
	c Product or service ▶	NATURAL GAS					
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?						X
	If 'Yes,' enter name and EIN of the parent corporation ▶						
4	At the end of the tax year:						
	-a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G).						X
	b Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G).					X	

Schedule K Other Information continued (see instructions)

5 At the end of the tax year, did the corporation:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below.

Yes	No
	X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below.

Yes	No
	X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary. X

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If 'Yes,' enter:
 (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____
 (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____ X

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____ NONE

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here. If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ 19,340.

13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value property distributions (other than cash) made during the tax year. ▶ \$ NONE

14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? If 'Yes,' complete and attach Schedule UTP.

15a Did the corporation make any payments in 2012 that would require it to file Form(s) 1099?
 b If 'Yes,' did or will the corporation file required Forms 1099?

16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock? X

17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? X

18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million X

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		425.		680.
2a	Trade notes and accounts receivable	2,861.		1,921.	
	b Less allowance for bad debts		2,861.		1,921.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders		5,040.		3,890.
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	57,698.		57,698.	
	b Less accumulated depreciation	27,698.	30,000.	27,698.	30,000.
11a	Depletable assets				
	b Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
	b Less accumulated amortization				
14	Other assets (attach statement) SEE ST. 4		100.		100.
15	Total assets		38,426.		36,591.
Liabilities and Shareholders' Equity					
16	Accounts payable		27,552.		27,806.
17	Mortgages, notes, bonds payable in less than 1 year		2,760.		2,942.
18	Other current liabilities (attach stmt) SEE ST. 5		16,372.		16,092.
19	Loans from shareholders		424.		424.
20	Mortgages, notes, bonds payable in 1 year or more		11,079.		8,222.
21	Other liabilities (attach statement) SEE ST. 6				100.
22	Capital stock: a Preferred stock				
	b Common stock	644.	644.	644.	644.
23	Additional paid-in capital				
24	Retained earnings — Approp (att stmt)				
25	Retained earnings — Unappropriated		-20,405.		-19,639.
26	Adjmt to shareholders' equity (att stmt)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		38,426.		36,591.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return		
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions		
1	Net income (loss) per books	766.
2	Federal income tax per books	
3	Excess of capital losses over capital gains	
4	Income subject to tax not recorded on books this year (itemize):	
5	Expenses recorded on books this year not deducted on this return (itemize):	
	a Depreciation \$	
	b Charitable contributions \$	
	c Travel & entertainment \$	
6	Add lines 1 through 5	766.
7	Income recorded on books this year not included on this return (itemize):	
	Tax-exempt interest \$	
8	Deductions on this return not charged against book income this year (itemize):	
	a Depreciation \$	
	b Charitable contribns \$	
9	Add lines 7 and 8	0.
10	Income (page 1, line 28) — line 6 less line 9	766.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)		
1	Balance at beginning of year	-20,405.
2	Net income (loss) per books	766.
3	Other increases (itemize):	
4	Add lines 1, 2, and 3	-19,639.
5	Distributions: a Cash	
	b Stock c Property	
6	Other decreases (itemize):	
7	Add lines 5 and 6	
8	Balance at end of year (line 4 less line 7)	-19,639.

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

► File a separate application for each return.

► Information about Form 7004 and its separate instructions is at www.irs.gov/form7004.

Print or Type	Name RICHARDSVILLE GAS CO. INC.	Identifying number
	Number, street, and room or suite number. (If P.O. box, see instructions.) P.O. BOX 9675	
	City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). BOWLING GREEN, KY 42102-9675	

Note. File request for extension by the due date of the return for which the extension is granted. See instructions before completing this form.

Part I Automatic 5-Month Extension

1 a Enter the form code for the return that this application is for (see below) 12

Application Is For:	Form Code	Application Is For:	Form Code
Form 1065	09	Form 1041 (estate other than a bankruptcy estate)	04
Form 8804	31	Form 1041 (trust)	05

Part II Automatic 6-Month Extension

b Enter the form code for the return that this application is for (see below) 12

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-ND (section 4951 taxes)	20
Form 706-GS(T)	02	Form 1120-PC	21
Form 1041 (bankruptcy estate only)	03	Form 1120-POL	22
Form 1041-N	06	Form 1120-REIT	23
Form 1041-QFT	07	Form 1120-RIC	24
Form 1042	08	Form 1120S	25
Form 1065-B	10	Form 1120-SF	26
Form 1066	11	Form 3520-A	27
Form 1120	12	Form 8612	28
Form 1120-C	34	Form 8613	29
Form 1120-F	15	Form 8725	30
Form 1120-FSC	16	Form 8831	32
Form 1120-H	17	Form 8876	33
Form 1120-L	18	Form 8924	35
Form 1120-ND	19	Form 8928	36

- 2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
If checked, attach a statement, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here

5 a The application is for calendar year 20 12, or tax year beginning _____, 20____, and ending _____, 20____

b Short tax year. If this tax year is less than 12 months, check the reason: Initial return Final return
 Change in accounting period Consolidated return to be filed Other (see instructions – attach explanation)

6 Tentative total tax	6	- 0 -
7 Total payments and credits (see instructions)	7	- 0 -
8 Balance due. Subtract line 7 from line 6 (see instructions)	8	- 0 -

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

Name RICHARDSVILLE GAS COMPANY, INC.	Employer identification number [REDACTED]
--	---

1 Inventory at beginning of year.....	1	
2 Purchases.....	2	
3 Cost of labor.....	3	
4 Additional section 263A costs (attach schedule).....	4	
5 Other costs (attach schedule).....	5	7,568.
6 Total. Add lines 1 through 5.....	6	7,568.
7 Inventory at end of year.....	7	
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions).....	8	7,568.

9a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market
- (iii) Other (Specify method used and attach explanation)..... ▶

b Check if there was a writedown of subnormal goods..... ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO..... 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)?..... Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation..... Yes No

BAA For Paperwork Reduction Act Notice, see instructions.

Information on Certain Persons Owning the Corporation's Voting Stock

► Attach to Form 1120.
► See instructions.

Name RICHARDSVILLE GAS COMPANY, INC.	Employer identification number (EIN) [REDACTED]
--	--

Part I Certain Entities Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4a).
Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock

Part II Certain Individuals and Estates Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4b).
Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock
GLENN MILLER	[REDACTED]	UNITED STATES	100.00%

CLIENT 18558

RICHARDSVILLE GAS COMPANY, INC.

7/02/13

09:46AM

STATEMENT 1
FORM 1120, LINE 10
OTHER INCOME

SERVICE CHARGE INCOME.....	\$	513.
TOTAL	\$	<u>513.</u>

STATEMENT 2
FORM 1120, LINE 26
OTHER DEDUCTIONS

BANK CHARGES.....	\$	209.
LEGAL AND PROFESSIONAL.....		1,250.
OFFICE EXPENSE.....		180.
OUTSIDE SERVICES.....		695.
UTILITIES.....		1,024.
TOTAL	\$	<u>3,358.</u>

STATEMENT 3
FORM 1120, LINE 29A
NET OPERATING LOSS DEDUCTION

CARRYOVER GENERATED FROM YEAR END	12/31/09	\$	12,476.
AMOUNT UTILIZED IN 2011			3,205.
TOTAL UTILIZATION		\$	<u>3,205.</u>
AVAILABLE FOR CARRYOVER TO 2012.....			9,271.
CARRYOVER GENERATED FROM YEAR END	12/31/10	\$	10,069.
AVAILABLE FOR CARRYOVER TO 2012.....			10,069.
NET OPERATING LOSSES AVAILABLE IN 2012.....		\$	<u>19,340.</u>
TAXABLE INCOME.....			766.
TOTAL NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....			<u>766.</u>

STATEMENT 4
FORM 1120, SCHEDULE L, LINE 14
OTHER ASSETS

	BEGINNING	ENDING
UTILITY DEPOSITS.....	\$ 100.	\$ 100.
TOTAL	<u>\$ 100.</u>	<u>\$ 100.</u>

CLIENT 18558

RICHARDSVILLE GAS COMPANY, INC.



7/02/13

09:46AM

STATEMENT 5
FORM 1120, SCHEDULE L, LINE 18
OTHER CURRENT LIABILITIES

	BEGINNING	ENDING
PAYABLE - RELATED ENTITIES.....	\$ 16,045.	\$ 16,045.
SALES TAXES.....	327.	47.
TOTAL	<u>\$ 16,372.</u>	<u>\$ 16,092.</u>

STATEMENT 6
FORM 1120, SCHEDULE L, LINE 21
OTHER LIABILITIES

	BEGINNING	ENDING
METER DEPOSIT.....	\$ 0.	\$ 100.
TOTAL	<u>\$ 0.</u>	<u>\$ 100.</u>

STATEMENT 7
FORM 1125-A, LINE 5
OTHER COST OF GOODS SOLD

GAS - COSTED AS PURCHASED.....	\$	7,568.
TOTAL	\$	<u>7,568.</u>

720

41A720

Department of Revenue



A 028382

Kentucky Corporation/LLET Account Number

2012

See instructions.

Taxable period beginning 201, and ending 201

KENTUCKY CORPORATION INCOME TAX AND LLET RETURN

Form header section containing: B Check applicable box(es): LLET Receipts Method (Gross Receipts, Gross Profits, \$175 minimum), Nonfiling Status Code, C Income Tax Return (Separate, Mandatory NEXUS), Nonfiling Status Code, D Federal Identification Number, Taxable Year Ending 12/12, Name of Corporation RICHARDSVILLE GAS COMPANY, INC., State and Date of Incorporation KY 05/15/1977, Number and Street P. O. BOX 9675, Principal Business Activity in KY GAS SALES, City BOWLING GREEN, KY 42102-9675, Telephone Number 270 842-9427, E Name of Common Parent, Kentucky Corporation/LLET Account Number 221210, F Check if applicable: Initial return, Final return, Short-period return, Change of name, Change of address, Change of accounting period, G Check if applicable: Amended return, Amended return - RAR, Provide explanation of changes in Part V - Explanation of Amended Return Changes.

Table with 2 main columns: PART I - LLET COMPUTATION and PART II - INCOME TAX COMPUTATION. Each column has 20 rows of calculations with numerical values and descriptions.

TAX PAYMENT SUMMARY (Round to nearest dollar) and OFFICIAL USE ONLY section. Includes LLET due (Part I, Ln 16) \$ 175, Income tax due (Part II, Ln 15) \$, Penalty \$, Interest \$, Subtotal \$ 175, TOTAL PAYMENT (Add Subtotals) \$ 175, Make check payable to: Kentucky State Treasurer, Mail return with payment to: Kentucky Department of Revenue, Frankfort, Kentucky 40620, PW 204.



RICHARDSVILLE GAS COMPANY, INC.

PART III – TAXABLE INCOME COMPUTATION

1	Federal taxable income (Form 1120, line 28).	1	766	00	14	Federal work opportunity credit	14		00
ADDITIONS:					15	Depreciation adjustment	15		00
2	Interest income (state and local obligations)	2		00	16	Other (attach Schedule O-720)	16		00
3	State taxes based on net/gross income	3		00	17	Revenue Agent Report (RAR)	17		00
4	Depreciation adjustment	4		00	18	Net income (line 11 less lines 12 through 17)	18	766	00
5	Deductions attributable to nontaxable income	5		00	19	Current net operating loss adjustment (mandatory nexus only)	19		00
6	Related party expenses (attch Sch RPC)	6		00	20	Kentucky net income (add lines 18 and 19)	20	766	00
7	Dividend paid deduction (REIT)	7		00	21	Taxable net income (attach Schedule A if applicable)	21	766	00
8	Domestic production activities deduction	8		00	22	Net operating loss deduction (NOLD)	22	766	00
9	Other (attach Schedule O-720)	9		00	23	Taxable net income after NOLD (line 21 less line 22)	23		00
10	Revenue Agent Report (RAR)	10		00	24	Kentucky domestic production activities deduction (KDPAD)	24		00
11	Total (add lines 1 through 10)	11	766	00	25	Taxable net income after KDPAD (line 23 less line 24)	25		00
SUBTRACTIONS:									
12	Interest income (U.S. obligations)	12		00					
13	Dividend income	13		00					

PART IV – EXPLANATION OF FINAL RETURN AND/OR SHORT-PERIOD RETURN

PART V – EXPLANATION OF AMENDED RETURN CHANGES



RICHARDSVILLE GAS COMPANY, INC.
SCHEDULE Q – KENTUCKY CORPORATION/LLET QUESTIONNAIRE

IMPORTANT: Questions 4 - 15 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1 Indicate whether: (a) new business;
 (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership;
 (3) sole proprietorship; or (4) other _____

If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.

2 List the following **Kentucky** account numbers. Enter N/A for any number not applicable.
 Employer Withholding _____
 Sales and Use Tax Permit _____
 Consumer Use Tax _____
 Unemployment Insurance _____
 Coal Severance and/or Processing Tax _____

3 If a foreign corporation, enter the date qualified to do business in Kentucky _____

4 The corporation's books are in care of: (name and address)
 C/O COMPANY

5 Are disregarded entities included in this return?
 Yes No. If yes, list name, address and federal I.D. number of the entity. _____

6 Was the corporation a partner or member in a pass-through entity doing business in Kentucky? Yes No.
 If yes, attach schedule listing name and federal I.D. number of the pass-through entity(ies).

Was the corporation doing business in Kentucky, other than through its interest held in a pass-through entity doing business in Kentucky? Yes No

7 Are related party costs as defined in KRS 141.205(1) (1) included in this return? Yes No.
 If yes, attach Schedule RPC, Related Party Costs Disclosure Statement, and enter any related party cost additions on Part III, Line 6. _____

8 Did the corporation at any time during the taxable year do business in KY and own 80 percent or more of the voting stock of another corporation doing business in KY?
 Yes No. If yes, list name, address and federal I.D. number of each entity. _____

9 Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year?
 Yes No. If yes, list name, address and federal I.D. number of each entity _____

10 The federal tax return attached to this Kentucky tax return is:
 a pro forma federal tax return a copy of the federal tax return filed with the Internal Revenue Service

11 Is the entity filing this Kentucky tax return or any entity included in the tax return organized as a limited cooperative association as provided by KRS Chapter 272A?
 Yes No. If yes, and this is a nexus consolidated return, enter each limited cooperative association's name, address and federal I.D. number included in the return: _____

12 Is the entity filing this Kentucky tax return or any entity included in this tax return organized as a statutory trust or a series statutory trust as provided by KRS Chapter 386A? Yes No
 If yes, is the entity filing this Kentucky tax return or any entity included in this tax return a series within a statutory trust?
 Yes No.
 If yes, for each series within a statutory trust, enter the name, address and federal I.D. number of the statutory trust registered with the Kentucky Secretary of State: _____

13 Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other _____

14 Did the corporation file a Kentucky tangible personal property tax return for January 1, 2013? Yes No

15 Is the corporation currently under audit by the Internal Revenue Service? ... Yes No
 If yes, enter years under audit ... _____
 If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this department, check here and file an amended return. See 2012 Kentucky Corporation Income Tax and LLET Return instructions for information regarding amended returns. Attach a copy of the final determination to each amended return.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.

Has the attached officer information changed from the last return filed? Yes No

President's Name GLENN MILLER President's Home Address 2722 RUSSELLVILLE ROAD
 President's Social Security Number [REDACTED] BOWLING GREEN, KY 42101
 Date became President _____

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.



Signature of principal officer or chief accounting officer
HILLIARD & FISHER CPA'S
 Name of person or firm preparing return

Date _____
 SSN, PTIN or FEIN [REDACTED]

May the DOR discuss this return with the preparer?
 Yes No

Email Address: _____

Telephone Number: 270-781-0386



LIMITED LIABILITY ENTITY TAX
 KRS 141.0401

- ▶ See instructions.
- ▶ Attach to Form 720, 720S, 725 or 765.

Member of a Combined Group
 Reason Code

Name of Corporation or Limited Liability Pass-through Entity RICHARDSVILLE GAS COMPANY, INC.	Federal Identification Number [REDACTED]	Kentucky Corporation/LLET Account Number 028382
--	---	---

Check this box and complete Schedule LLET-C, Limited Liability Entity Tax - Continuation Sheet, if the corporation or limited liability pass-through entity filing this tax return is a partner or member of a limited liability pass-through entity or general partnership (organized or formed as a general partnership after January 1, 2006) doing business in Kentucky. Enter the total amounts from Schedule LLET-C in Section A of this schedule.

Section A – Computation of Gross Receipts and Gross Profits

		Column A Kentucky	Column B Total
1 Gross receipts.....	1	17072.00	17072.00
2 Returns and allowances.....	2	00	00
3 Gross receipts after returns and allowances (line 1 less line 2 or amount from Schedule LLET-C).....	3	17072.00	17072.00
4 Cost of goods sold.....	4	7568.00	7568.00
5 Gross profits (line 3 less line 4 or amount from Schedule LLET-C).....	5	9504.00	9504.00

Section B – Computation of Gross Receipts LLET

1 If gross receipts from all sources (Column B, line 3) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1.....	1		
2 If gross receipts from all sources (Column B, line 3) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 3 x 0.00095) – $[\$2,850 \times (\$6,000,000 - \text{Column A, line 3})]$ $\frac{\quad\quad\quad}{\$3,000,000}$ but in no case shall the result be less than zero.....	2	00	
3 If gross receipts from all sources (Column B, line 3) are \$6,000,000 or greater, enter the following: Column A, line 3 x 0.00095.....	3	00	
4 Enter the amount from line 2 or line 3.....	4	0.00	

Section C – Computation of Gross Profits LLET

1 If gross profits from all sources (Column B, line 5) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1.....	1		
2 If gross profits from all sources (Column B, line 5) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) – $[\$22,500 \times (\$6,000,000 - \text{Column A, line 5})]$ $\frac{\quad\quad\quad}{\$3,000,000}$ but in no case shall the result be less than zero.....	2	00	
3 If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075.....	3	00	
4 Enter the amount from line 2 or line 3.....	4	0.00	

Section D – Computation of LLET

1 Enter the lesser of Section B, line 4 or Section C, line 4, or a minimum of \$175 on this line and on Form 720, Part I, line 1; for Form 720S, 725 or 765, enter on Part II, line 1.....	1	175.00	
--	---	--------	--



Mark the applicable Receipts Method box on Form 720, 720S, 725 or 765, page 1, Item B.

2220-K

2012

41A720-S6 (10-12)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



UNDERPAYMENT AND LATE PAYMENT
OF ESTIMATED INCOME TAX AND LLET

▶ See instructions.

▶ Attach to Form 720, 720S, 725 or 765

Name of Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number
RICHARDSVILLE GAS COMPANY, INC.	[REDACTED]	028382

PART I – EXCEPTION

The exception shall apply if the entity's prior year income tax liability was equal to or less than \$25,000 and estimated tax payments equal or exceed the prior year income tax liability as provided by KRS 141.990. **If the exception does not apply, go to Part II.**

The estimated tax payments equal or exceed the prior year income tax liability and the prior year income tax liability was equal to or less than \$25,000. Check this box and complete lines 1 and 2 of this part.

1 Enter the income tax liability from the 2011 return, Form 720, Part II, line 8; or Form 720S, Part III, line 4.....	1	0.
2 Enter the total tax payments from the 2012 return: Form 720, the total of Part I, lines 7, 8, 9, 10 and 12 and Part II, lines 9 and 11; or Form 720S, the total of Part II, lines 7, 8, 9 and 11 and Part III, lines 5 and 7.....	2	

PART II – FIGURING THE UNDERPAYMENT AND PENALTY

1 Enter the income tax liability from the 2012 return, Form 720, Part II, line 8; or Form 720S, Part III, line 4.....	1	
2 Enter 70% (0.70) of line 1.....	2	
3 Statutory exemption.....	3	\$5,000
4 Enter the total tax payments from the 2012 return: Form 720, the total of Part I, lines 7, 8, 9, 10 and 12 and Part II, lines 9 and 11; or Form 720S, the total of Part II, lines 7, 8, 9 and 11 and Part III, lines 5 and 7.....	4	
5 Line 2 less lines 3 and 4.....	5	
6 Penalty percentage is 10%.....	6	x .1
7 Multiply line 5 by line 6. This is the amount of the penalty for underpayment of estimated income tax (minimum penalty \$25). Enter on this line and on the Tax Payment Summary of the applicable form.....	7	

CLIENT 18558

RICHARDSVILLE GAS COMPANY, INC.

028382

7/02/13

09:46AM

STATEMENT 1
FORM 720, PAGE 2, PART III, LINE 22
KENTUCKY NET OPERATING LOSS DEDUCTION

CARRYOVER GENERATED FROM YEAR END	12/31/09	\$	12,476.	
AMOUNT UTILIZED IN 2011			3,205.	
TOTAL UTILIZATION		\$	3,205.	
AVAILABLE FOR CARRYOVER TO 2012.....				9,271.
CARRYOVER GENERATED FROM YEAR END	12/31/10	\$	10,069.	
AVAILABLE FOR CARRYOVER TO 2012.....				10,069.
NET OPERATING LOSSES AVAILABLE IN 2012.....		\$	19,340.	
TAXABLE INCOME.....				766.
TOTAL NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....				<u>766.</u>

AMORTIZATION SCHEDULE

Principal \$7,815.15	Loan Date 02-10-2014	Maturity 07-10-2016	Loan No [REDACTED]	Call / Coll	Account	Officer	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: RICHARDSVILLE GAS CO CORP

Lender: South Central Bank of Bowling Green, Inc.
Main Office
1757 Campbell Lane
P.O. Box 90021
Bowling Green, KY 42104

Disbursement Date: February 10, 2014
Interest Rate: 6.500

Repayment Schedule: Balloon
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	03-10-2014	219.56	39.51	180.05	7,635.10
2	04-10-2014	219.56	42.74	176.82	7,458.28
3	05-10-2014	219.56	40.40	179.16	7,279.12
4	06-10-2014	219.56	40.74	178.82	7,100.30
5	07-10-2014	219.56	38.46	181.10	6,919.20
6	08-10-2014	219.56	38.73	180.83	6,738.37
7	09-10-2014	219.56	37.72	181.84	6,556.53
8	10-10-2014	219.56	35.51	184.05	6,372.48
9	11-10-2014	219.56	35.67	183.89	6,188.59
10	12-10-2014	219.56	33.52	186.04	6,002.55
2014 TOTALS:		2,195.60	383.00	1,812.60	
11	01-10-2015	219.56	33.60	185.96	5,816.59
12	02-10-2015	219.56	32.56	187.00	5,629.59
13	03-10-2015	219.56	28.46	191.10	5,438.49
14	04-10-2015	219.56	30.44	189.12	5,249.37
15	05-10-2015	219.56	28.43	191.13	5,058.24
16	06-10-2015	219.56	28.31	191.25	4,866.99
17	07-10-2015	219.56	26.36	193.20	4,673.79
18	08-10-2015	219.56	26.16	193.40	4,480.39
19	09-10-2015	219.56	25.08	194.48	4,285.91
20	10-10-2015	219.56	23.22	196.34	4,089.57
21	11-10-2015	219.56	22.89	196.67	3,892.90
22	12-10-2015	219.56	21.09	198.47	3,694.43
2015 TOTALS:		2,634.72	326.60	2,308.12	
23	01-10-2016	219.56	20.68	198.88	3,495.55
24	02-10-2016	219.56	19.57	199.99	3,295.56
25	03-10-2016	219.56	17.26	202.30	3,093.26
26	04-10-2016	219.56	17.31	202.25	2,891.01
27	05-10-2016	219.56	15.66	203.90	2,687.11
28	06-10-2016	219.56	15.04	204.52	2,482.59
29	07-10-2016	2,496.04	13.45	2,482.59	0.00
2016 TOTALS:		3,813.40	118.97	3,694.43	
TOTALS:		8,643.72	828.57	7,815.15	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

COMMERCIAL PROMISSORY NOTE AND SECURITY AGREEMENT

(Variable Rate Loan)

NAME(S)/ADDRESS(S) OF BORROWER(S) ("Borrower," "My or Me") RICHARDSVILLE GAS CO., CORP. P.O. BOX 9675 BOWLING GREEN, KY 42102		NAME/ADDRESS OF LENDER (CREDITOR) ("Lender," "You or Them") SOUTH CENTRAL BANK OF BOWLING GREEN, INC. PO BOX 20150 BOWLING GREEN, KY 42102 Bob Fitch President	
Tax ID	Phone (502)842-9427		

NOTE NUMBER	TRANSACTION DATE	MATURITY DATE	OFFICE	PURPOSE	RENEWAL
	07/26/1996	07/10/2016	MAIN	PURCHASE R/E	

For value received, on or before the Maturity Date, the undersigned Borrower promises to pay the principal amount, together with interest, and any other charges, including service charges, to the order of the Lender at its office at the address noted above or holder, all in lawful money of the United States of America. The undersigned further agrees to the terms below and on page two of this Note and Security Agreement. Words, numbers or phrases preceded by a are applicable only if the is marked.
THIS LOAN IS MADE UNDER KENTUCKY STATUTES, Chapter KRS 290

PRINCIPAL AMOUNT
Thirty Seven Thousand and 00/100 \$ 37,000.00

PAYMENT SCHEDULE: in 240 installments of \$ 328.83 plus interest including interest and payable monthly. quarterly.

interest only starting August 10th, 1996

interest, principal and other charges due on Maturity Date.

other payment schedule:

This loan is subject to a fixed interest rate of _____ % per annum. a variable simple interest rate, which is 1.000 % greater than: equal to: % less than: the following Index:
The U.S. Prime Rate changes as published in the Wall Street Journal.

Initial Variable Rate Interest Rate	Present Variable Index Rate	Minimum Interest Rate	Maximum Interest Rate	Interest Rate Changes With Respect To:
B.875 %	B.250 %	6.500 %	12.000 %	EVERY THREE (3) YEARS

Interest may be calculated on the unpaid balance for the actual days outstanding on a 365/360 day basis or any other per day basis resulting in a lesser interest factor.

DEFAULT RATE: If in default the interest rate shall be: % per annum. % in excess of the Index.

LATE CHARGE: If Borrower is more than 10 days late in making any payment, in addition to such payment, Borrower will pay a late charge of: the lesser of the greater of an amount equal to \$ or 5.00 % of the payment in default.

PAYABLE ON DEMAND: Payment is due upon demand. Payment is due upon demand, but in any event, not later than Maturity Date.

LINE OF CREDIT: If this Note is not in default, Lender may make advances on a continuing basis up to the Principal Amount.

This Note is secured by the Security Agreement below and on page two, and is subject to all of the terms thereof, which are incorporated by reference. Lender may, upon deeming itself insecure, declare the entire unpaid balance due and payable. The Borrower severally waives demand, notice, and protest and any defense due to extensions of time or other indulgence by Lender or to any substitution of collateral. If the interest rate on this Note is tied to an Index stated above, that Index is used solely to establish a base from which the actual rate of interest payable under this Note will be figured, and is not a reference to any actual rate of interest charged by any lender to any particular borrower. If the interest rate varies in accordance with a selected index, if that index ceases to exist, Lender may substitute a similar index which will become the index. If there is a Default Rate shown above, it may be applied to all periods of time in which a default exists. If this Note is payable in installments, each installment payment will be due on the same day of the installment period as the day upon which payments commence unless otherwise specified. Failure to pay this Note according to the specified terms shall constitute a default. If permitted by law and at Lender's option, interest up to the highest rate permitted by law may be assessed on any interest which is past due as the result of any payment not being paid when due. Lender shall have the right to hold or apply its own indebtedness or liability to Borrower in payment of, or to provide collateral security for the payment of this Note either prior to or after the Maturity Date. If legal proceedings are instituted to enforce the terms of this Note, Borrower agrees to pay all costs of the Lender in connection therewith, including reasonable attorney fees.

ADDITIONAL NOTE PROVISIONS:
THE INTEREST RATE WILL NEVER INCREASE OR DECREASE ON ANY SINGLE CHANGE DATE BY MORE THAN 1.75% FROM THE RATE OF INTEREST THAT THE COMPANY HAS BEEN PAYING FOR THE PRECEDING PERIOD.

- SECURITY INTEREST GRANT - The Borrower, in consideration of its liabilities, as hereinafter defined, hereby agrees to all of the terms of this Agreement and further hereby specifically grants the Lender a continuing security interest in the collateral shown in the boxes checked below (and described in the paragraph below) including the proceeds thereof and proceeds of liquidation of such collateral, and in the proceeds of any sale, lease, or other disposition of such collateral, and including the proceeds of the collateral or accretions to such collateral, to secure the payment of all loans, advances, and extensions of credit from the Lender to the Borrower, including all renewals and extensions thereof and any and all obligations of every kind whatsoever, whether heretofore, now, or hereinafter existing or arising between the Lender and the Borrower and hereinafter incurred or evidenced, whether primary, secondary, contingent, or otherwise. The grant of security interest herein shall apply to all obligations, whether they arise heretofore, under any other mortgage, security agreement, note, lease, instrument, contract, document or other similar writing heretofore, now or hereinafter executed by the Borrower to Lender, including oral agreements and obligations arising by operation of law. The foregoing obligations shall be hereinafter collectively called the "Liabilities" and shall also include all interest, costs, expenses, and attorney fees accruing to or incurred by the Lender in collecting the Liabilities or in the protection, maintenance, or liquidation of the Collateral.
 - INVENTORY - "Inventory" shall consist of all inventory and goods now or hereinafter acquired or owned, including, but not limited to, raw materials, work in process, finished goods, tangible property, stock in trade, wares and merchandise used in or sold in the ordinary course of the Borrower's business, including goods whose sale, lease or other disposition by the Borrower has given rise to any accounts and any goods which may have been returned to or repossessed or stopped in transit by the Borrower.
 - EQUIPMENT - "Equipment" shall consist of all equipment and fixtures, including all machinery, furnishings, furniture, vehicles (together with all accessories, parts, attachments, accessories, tools, and dies, or appliances thereto or intended for use in connection therewith), and all substitutions, betterments, and replacements thereof and additions thereto.
 - INSTRUMENTS - "Instruments" means any negotiable instrument as defined in Article 3, Section 104 of the Uniform Commercial Code, any security which is defined in Article 9, Section 102, of the Uniform Commercial Code, or any other writing which evidences a right of payment of money (and is not itself a security agreement or lease) and is of a type which is, in the ordinary course of business, transferred by delivery with a necessary endorsement or assignment.
 - SPECIFIC - "Specific" refers to the specific property, together with all related rights, shown below.
 - The term Liabilities is limited to the extension of credit Lender is providing to the Borrower, the proceeds of which are to purchase the specific property shown below, including any extensions or renewals thereof; plus related interest, costs, expenses and attorney fees as called for in provision 1, debt unrelated to purchase proceeds being excluded regardless of words to the contrary in provision 1.
- DESCRIPTION OF COLLATERAL - The "Collateral" covered by this Agreement is all of the Borrower's property described below, with regard to which a mark has been placed in the applicable box, which the Borrower now owns or may hereinafter acquire or create and which may include, but shall not be limited to, any items listed on any schedule or list attached hereto:
 - ALL ASSETS - "All Assets" of the Borrower shall include all of the tangible and intangible property of the Borrower of whatsoever nature now owned or hereinafter acquired by the Borrower, including, but not limited to, accounts, inventory, equipment and instruments as defined herein.
 - ACCOUNTS - "Accounts" shall consist of accounts, documents, chattel paper, instruments, contract rights, general intangibles, and choses in action, including any right to any refund of taxes paid below or after this Agreement to any governmental entity hereinafter individually and collectively referred to as "Accounts".
- SPECIAL PROVISIONS - The provisions and interest in progress described below and also checked in the appropriate boxes above are sometimes hereinafter individually and collectively referred to as the "Collateral." If no box is checked, it is specifically understood and acknowledged by the Borrower that it is the intent of the Borrower to grant the Lender a security interest in "All Assets" as defined above.

SPECIFIC COLLATERAL / SPECIAL SECURITY AGREEMENT PROVISIONS (If Collateral includes fixtures, describe the real estate):
1ST MTGE 2739 LODGE HALL ROAD, BOWLING GREEN, KENTUCKY 42101

The Borrower acknowledges that this is the entire Agreement between the parties, except to the extent that writings signed by the party to be charged are specifically incorporated herein by reference either in this Agreement or in such writings, and acknowledges receipt of a true and complete copy of this Agreement. Further paragraphs of this Security Agreement are set forth on page two hereof. The Borrower expressly agrees to all of the provisions hereof and signifies assent thereto by the signature below.

IN WITNESS WHEREOF, the Borrower has executed this Note and Security Agreement on the date and year shown below.

By <input checked="" type="checkbox"/> <u>P. Glenn Miller</u> 07/26/1996 RICHARDSVILLE GAS CO., CORP. Date	By <input checked="" type="checkbox"/> <u>Charles W. Miller</u> 07/26/1996 RICHARDSVILLE GAS CO., CORP. Date
Its PRES/SEC P. GLENN MILLER	Its V. P. / TREAS. CHARLES W. MILLER
By <input checked="" type="checkbox"/> <u>P. Glenn Miller</u> 07/26/1996 P. GLENN MILLER, INDIV. Date	By <input checked="" type="checkbox"/> <u>Charles W. Miller</u> 07/26/1996 CHARLES W. MILLER, INDIV. Date

ADDITIONAL SECURITY AGREEMENT PROVISIONS

4. WARRANTIES - The Borrower warrants the following: it has or will acquire free and clear title to all of the Collateral, unless otherwise provided herein; the security interest granted to the Lender shall be a first security interest, and the Borrower will defend same to the Lender against the claims and demands of all persons; the Borrower will fully cooperate in placing or maintaining Lender's lien or security interest; all of the Collateral is located in the state of the Borrower's address specified on page one hereof, unless otherwise certified to and agreed to by the Lender, or, alternatively, is in possession of the Lender; all accounts are genuine and enforceable; the Borrower will not remove or change the location of any Collateral without the Lender's prior written consent; the Borrower will not use the Collateral or permit it to be used for any unlawful purpose; and the Borrower will not conduct business under any name other than that given on page one hereof, nor change, nor reorganize the type of business entity as described, except upon the prior written approval of the Lender, in which event the Borrower agrees to execute any documentation of whatsoever character or nature demanded by the Lender for filing or recording, at the Borrower's expense, before such change occurs; the Borrower will keep all records of account, documents, evidence of title, and all other documentation regarding its business and the Collateral at the address specified on page one hereof, unless notice thereof is given to the Lender at least ten (10) days prior to the change of any address for the keeping of such records; the Borrower will, at all times, maintain the Collateral in good condition and repair and will not sell or remove same except as to inventory in the ordinary course of business; the Borrower is a legally created business entity, as described before, and it has the power, and the person signing is duly authorized to enter into this Agreement; the execution of this Agreement will not create any breach of any provision of any other agreement to which the Borrower is or may become a party; all financial information and statements delivered by the Borrower to the Lender to obtain loans and extensions of credit are true and correct and are prepared in accordance with generally accepted accounting principles; there has been no material adverse change in the financial condition of the Borrower since it last submitted any financial information to the Lender; there are no actions or proceedings, including set-off or counterclaim, which are threatened or pending against the Borrower which may result in any material adverse change in the Borrower's financial condition or which might materially affect any of the Borrower's assets; and the Borrower has duly filed all federal, state, municipal, and other governmental tax returns, and has obtained all licenses, permits, and the like which the Borrower is required by law to file or obtain, and all such taxes and fees for such licenses and permits required to be paid, have been paid in full.

5. INSURANCE - The Borrower agrees that it will, at its own expense, fully insure the Collateral against all loss or damage for any risk of whatsoever nature in such amounts, with such companies, and under such policies as shall be satisfactory to the Lender. All policies shall expressly provide that the Lender shall be the loss payee, or, alternatively, if requested by Lender, Mortgagee. The Lender is granted a security interest in the proceeds of such insurance and may apply such proceeds as it may receive towards the payment of the Liabilities, whether or not due, in such order as the Lender may at its sole discretion determine. The Borrower agrees to maintain, at its own expense, public liability and property damage insurance upon all its other property, to provide such policies in such form as the Lender may approve, and to furnish the Lender with copies or other evidence of such policies and evidence of the payments of the premiums thereon. If the Borrower at any time fails to obtain or to maintain any of the insurance required above or pay any premium in whole or in part relating thereto, the Lender, without waiving any default hereunder, may make such payment or obtain such policies as the Lender, in its sole discretion, deems advisable to protect the Borrower's property. All costs incurred by the Lender, including reasonable attorney fees, court costs, expenses, and other charges relating thereto, shall become a part of the Liabilities and shall be payable on demand.

6. TAXES, LIENS, ETC. - The Borrower agrees to pay all taxes, levies, judgments, assessments, and charges of any nature whatsoever relating to the Collateral or to the Borrower's business. If the Borrower fails to pay such taxes or other charges, the Lender at its sole discretion, may pay such charges on behalf of the Borrower; and all sums so disbursed by the Lender, including reasonable attorney fees, court costs, expenses, and other charges relating thereto, shall become a part of the Liabilities and shall be payable on demand.

7. INFORMATION AND REPORTING - The Borrower agrees to supply to the Lender such financial and other information concerning its affairs and the status of any of its assets as the Lender, from time to time, may reasonably request. The Borrower further agrees to permit the Lender, its employees, and agents, to have access to the Collateral for the purpose of inspecting it, together with all of the Borrower's other physical assets, if any, and to permit the Lender, from time to time, to verify accounts as well as to inspect, copy and to examine the books, records, and files of the Borrower.

8. ACCOUNTS - The Borrower acknowledges that if Lender has a security interest in Accounts, it is understood that the Lender will initially permit the Borrower to collect Accounts from its debtors. The Borrower understands that this privilege may be terminated by the Lender at any time, and that, in such event, the Lender shall be vested with all of the rights of the Borrower in respect thereto, including the right of stoppage in transit, the ability to notify any debtor or debtors of the assignment, and the ability to execute any instrument on behalf of the Borrower in settlement or fulfillment of an Account. In such event, the Borrower agrees to execute such assignments as the Lender may request to evidence the assignment. The Borrower agrees that, in the event of an assignment to the Lender, it thereupon receives payment on any Account as the agent of the Lender, and the Borrower agrees to transmit such payment in the form in which it was received to the Lender on the date of receipt thereof, appropriately endorsed, if necessary, to permit negotiation by the Lender. Until such remittance, the Borrower agrees to keep all such receipts on account separate and apart from the Borrower's own funds so that such receipts are readily identifiable as the property of the Lender and to hold same in trust for the Lender. In any event, the Lender is authorized to endorse or to sign, in the name of the Borrower, any instrument of whatsoever nature to effect the collection of the Accounts for application to the Liabilities.

9. DEFAULT - The occurrence of any of the following events shall constitute a default of this Agreement: (a) the non-payment, when due, of any amount payable on any of the Liabilities or any extension or renewal thereof; (b) the failure to perform any agreement of the Borrower contained herein; (c) the publication of any statement, representation, or warranty, whether written or oral, by the Borrower to the Lender, which at any time is untrue in any respect as of the date made; (d) the condition that any Obligor (which term, as used herein, shall mean the Borrower and each party primarily or secondarily liable on any of the Liabilities) becomes insolvent or unable to pay debts as they mature, or makes an assignment for the benefit of the Obligor's creditors, or conveys substantially all of its assets, or in the event of any proceedings instituted by or against any Obligor alleging that such Obligor is insolvent or unable to pay debts as they mature (failure to pay being conclusive evidence of inability to pay), or in the event that a petition of any kind is filed under the Federal Bankruptcy Act by or against such Obligor; (e) the entry of any judgment against any Obligor, or the issue of any order of attachment, execution, sequestration, claim and delivery, or other order in the nature of a writ levied against the Collateral; (f) the death of any Obligor who is a natural person, or of any partner of the Obligor which is a partnership; (g) the dissolution, merger, and consolidation or transfer of a substantial part of the property of any Obligor, which is a corporation or partnership; (h) in the event that any part of the Collateral materially declines in value in excess of normal wear, tear, and depreciation; or (i) the Lender, in good faith, believes the Borrower's ability to repay its indebtedness under this Agreement, any Collateral, or the Lender's ability to resort to any Collateral, is or soon will be impaired, time being of the very essence. If permitted by law, I waive any otherwise required notice of presentment, demand, acceleration; and, intent to accelerate.

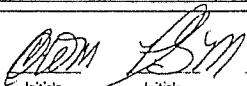
10. REMEDY - The Borrower agrees that, whenever a default exists, all Liabilities may (notwithstanding any provisions thereof), at the sole option and discretion of the Lender and without demand or notice of any kind, be declared, and thereupon immediately shall become due and payable; and the Lender may exercise, from time to time, any rights and remedies, including the right to immediate possession of the Collateral, available to it under applicable law. The Lender shall have the right to hold any property then in or upon said Collateral at the time of repossession not covered by the security agreement until return is demanded in writing by the Borrower. The Borrower agrees, in the case of default, to assemble, at its own expense, all Collateral at a convenient place acceptable to the Lender and to pay all costs of the Lender in connection with the collecting of the Liabilities and enforcement of any rights hereunder, including reasonable attorney fees and legal expenses, and including participation in Bankruptcy proceedings; and to pay all of the expense of locating the Collateral, as well as the expense of any repairs for any realty or other property to which any of the Collateral may have been affixed or made a part. Any notification of intended disposition of the Collateral by the Lender shall be deemed to be reasonable and proper if sent postage prepaid, by regular mail, to the Borrower at least seven (7) days before such disposition, and addressed to the Borrower either at the address shown herein or at any other address. If the proceeds from a sale of Collateral are insufficient to extinguish the Liabilities of Borrower hereunder, Borrower shall be liable for any deficiency. The Borrower shall, in the event of any default, have the right to peacefully retake any of the goods. The Borrower waives any right it may have, in such instance, to a judicial hearing prior to such retaking. In the event of a default, the Borrower expressly authorizes the Lender to offset any debts of the Lender to the Borrower against the Liabilities, including, but not limited to, any checking or savings account, certificate of deposit, savings receipt, or the like.

11. HEADINGS - The headings preceding text in this Agreement are for My general convenience in identifying subject matter, but have no limiting impact on the text which follows any particular heading.

12. MISCELLANEOUS - Time is of the essence of this Agreement. Except as otherwise defined in this Agreement, all terms herein shall have the meanings provided by the Uniform Commercial Code as it has been adopted in the state where the Lender is located. If permitted by law, Lender is authorized to file a financing statement to perfect its security interest in the Collateral signed only by the Lender. Any delay on the part of the Lender in exercising any power, privilege, or right hereunder, or under any other document executed by the Borrower to the Lender in connection herewith, shall not operate as a waiver thereof, and no single or partial exercise thereof or any other power, privilege, or right shall preclude other or further exercise thereof. The waiver by the Lender of any default of the Borrower shall not constitute a waiver of subsequent default. All rights, remedies, and powers of the Lender hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies, and powers given hereunder or in or by any other instruments or by the provision of the Uniform Commercial Code as adopted in the state where the Lender is located, or any other laws now existing or hereafter enacted. The Borrower specifically agrees that, if it has heretofore or hereafter executed any loan agreement in conjunction with this Agreement, any ambiguities between this Agreement and any such loan agreement shall be construed under the provisions of the loan agreement, to the extent that it may be necessary to eliminate any such ambiguity.

This Agreement has been delivered in the state where the Lender is located and shall be construed in accordance with the laws of that state. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law; but, if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such provision or the invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement. The rights and privileges of the Lender hereunder shall inure to the benefit of its successors and assigns, and this Agreement shall be binding on all heirs, executors, administrators, assigns, and successors of the Borrower. The Borrower may not assign this Agreement or any benefits accruing to it hereunder without the express written consent of the Lender.

ENDORSEMENT: For value received, the undersigned (who, if two or more in number, shall be jointly and severally liable hereunder) hereby unconditionally guarantee the payment of the Note on page one hereof, together with all extensions or renewals thereof and all expenses (including reasonable attorney fees and legal expenses) incurred in the collection thereof or the enforcement of rights under any security therefor and the enforcement hereof. Further, the undersigned waives presentment, demand, notice of dishonor, protest, and all other notices whatsoever, and agrees that the holder of said Note may from time to time extend or renew said Note for any period (whether or not longer than the original period of said Note) and grant any releases, compromises or indulgences with respect to said Note or renewal thereof or any security therefor or to any party liable thereunder or hereunder, all without notice to or consent of any of the undersigned and without affecting the liability of the undersigned hereunder.

X _____ X
 By initialing, I acknowledge this is page 2 of 2 of the Commercial Promissory Note and Security Agreement.

 Initials Initials Initials Initials