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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

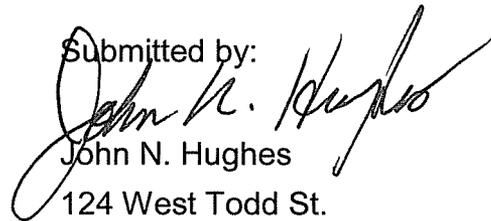
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF AUXIER ROAD GAS  
CORPORATION FOR APPROVAL OF TRANSFER OF ) CASE NO  
AUXIER ROAD GAS CORPORATION STOCK ) 2007-00513

AUXIER ROAD GAS CORPORATION RESPONSES

Submitted by:



John N. Hughes

124 West Todd St.

Frankfort, KY 40601

502 227 7270

Attorney for Auxier Road Gas Corporation

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

COUNTY OF FLOYD

Affiant, Sallye M. Branham, after being first sworn, deposes and says she is the President of Auxier Road Gas Company, that she is authorized on behalf of the company to file these responses, that the responses and the statements are true and correct to the best of her knowledge and belief except as to those matters that are based on information provided to her and as to those she believes to be true and correct.

Sallye Branham  
Sallye M. Branham

This instrument was produced, signed and sworn by Sallye Branham to be her act and deed the 11<sup>th</sup> day of February, 2008.

Just Com  
Notary Public

My Commission expires: 10/18/2011



1. Provide a copy of the probated will of Estill Branham.  
Witness: Sallye Branham

Response: Attached

AOC-805 Rev. 3-03 Page 1 of 3  
Commonwealth of Kentucky  
Court of Justice www.kycourts.net  
KRS 394.145; KRS 395.015



PETITION

Wife  
free g r m  
Book GG Page 648  
Case No. 07-P-403  
Court District/Probate  
County

IN RE: Estate of Estill B. Brankam

Decedent's Information: SSN: 403-54-1921 Birthdate: 7/6/1940 Date of Death: 10/27/2007

Last Address: P O Box 785 PRESTONSBURG, KY 41653

Filed \_\_\_\_\_ Entered \_\_\_\_\_  
Tendered \_\_\_\_\_ Received \_\_\_\_\_  
This 2 day of NOV, 2007  
Douglas R. Hall, Clerk  
By \_\_\_\_\_ D.C.

Decedent died:  Intestate (without a Will)  Testate (with a Will)

- PETITION FOR
- PROBATE OF WILL
  - APPOINTMENT OF ADMINISTRATOR/ADMINISTRATRIX
  - APPOINTMENT OF EXECUTOR/EXECUTRIX

Petitioner states there has been no previous administration in the Decedent's estate in Kentucky or elsewhere. Further, Petitioner states that the statements in the caption are true, and that the names of the surviving spouse, heirs at law and next of kin known to Petitioner are as follows (use additional paper if necessary):

Name: SALLY M. Brankam Relation: WIFE Age: \_\_\_\_\_

Address: P O Box 785  
PRESTONSBURG, KY 41653

Name: Kimberly R. CRISP Relation: daughter Age: \_\_\_\_\_

Address: P O Box 785  
PRESTONSBURG KY 41653

Name: Susan A Crum Relation: daughter Age: \_\_\_\_\_

Address: P O Box 1012  
PRESTONSBURG, KY 41653

Decedent owned/had interest in the following real estate with estimated market values as noted:

Residence - Brunton Village, PRESTONSBURG, KY 41653

Business Address - 2963 KY RT 321 N PRESTONSBURG, KY 41653

Estimated Total: \$ \_\_\_\_\_

AOC-805  
Rev. 3-03  
Page 2 of 3

Case No. \_\_\_\_\_

Decedent owned/had interest in the following **personal property** with estimated market values as noted:

CITIZEN NATIONAL BANK  
US Bank - CDs  
Estimated Total: \$ \_\_\_\_\_

Petitioner is indebted to or owes Decedent \$ -0-

[ ] Petitioner applies for probate of Decedent's Will, filed herewith, which is his/her Last Will and Testament.  
[X] Petitioner prays Sallye M. Brantam, whose address is  
P O Box 785 Prestonsburg, KY 41653

be appointed  Executor/Executrix [ ] Administrator/Administratrix of said estate and who offers as surety on the bond the following: Sallye M. Brantam All the foregoing statements are true.

Petitioner's Signature: Sallye M. Brantam Phone No.: 606 426 3392  
Petitioner's Name (Printed): SALLYE M. BRANTAM  
Petitioner's Address: P O Box 785  
Prestonsburg, KY 41653

Subscribed and sworn before me by Petitioner on November 29 My commission will expire:  
1-22 2011 Reta G. Allen, Notary Public  
Name/Title

This certifies this Petition was prepared or subscribed by the undersigned in accordance with the meaning and tenor of Kentucky Civil Rule No. 11. (Attorney must prepare and present separate Order of Probate or complete Order on Page 3 of this Petition).  
Attorney's Signature: \_\_\_\_\_ Phone No.: \_\_\_\_\_  
Attorney's Name (Printed): \_\_\_\_\_  
Address: \_\_\_\_\_

**WAIVER**

We, the undersigned, surviving spouse and next of kin of the above-named Decedent, resident of \_\_\_\_\_  
\_\_\_\_\_ County, Kentucky, hereby waive notice of the hearing of the Partition and if applicable, the presentation of said  
Decedent's Will for probate and/or appointment of fiduciary, and request the Court to appoint \_\_\_\_\_  
\_\_\_\_\_ as [ ] Executor/Executrix [ ] Administrator/Administratrix.

Per KRS 395.015, Petitions For Appointment must be filed in duplicate.

IN RE: Estate of Estill B Brankham

**ORDER**

[ ] Petition filed this 2<sup>nd</sup> day of November, 2007

[ ] Will tendered this 2<sup>nd</sup> day of November, 2007.

Upon hearing, the Will offered was proven by Barkley Sturgill

and **ORDERED PROBATED** as the Last Will and Testament of Decedent this 2<sup>nd</sup> day of November, 2007

The Court appoints: Sallye M Brankham as

Executor/Executrix OR [ ] Administrator/Administratrix of said estate and fixes bond in the sum of

\$ \_\_\_\_\_ [ ] with surety OR  without surety.

Date: November 2, 2007 James R. O'Leary Judge

Distribution:  
Case File  
Revenue Cabinet

Filed  Entered  
Tendered \_\_\_\_\_ Received  
This 2 day of Nov, 2007  
Douglas R. Hail, Clerk T.C. D.C.

Joint Will  
Of  
Estill Bays Branham and  
Sallye M. Branham

We, Estill Bays Branham and Sallye M. Branham, husband and wife, citizens and resident of Floyd County, Kentucky, hereby make and declare this their joint Will, revoking all other Wills or Codicils thereto if any, hereby declare and publish this our final Will.

I

That, we are mindful of our three children, Micheal Sterling Branham, Kimberly Renee Crisp and Susan Annette Crum.

II

That the survivor of the Testators set out herein shall become the title owner in fee of all real estate and improvements located thereon, all personal property, including amounts on deposit in all Banks, in personal or corporate entities, all stocks, bonds held individual or by corporate entity, all vehicles, construction equipment, owned by corporate or individual. All accounts receivable, corporate or individual owned.

III

The survivor shall pay all debts of the deceased from assets derived from the property and funds referred to in II, including any medical obligation rendered to the deceased including all funeral expenses.

IV

That the Testators consent that this joint Will shall not be amended or altered by either party, with out the written consent of the other party duly executed in writing and certified by a Notary Public of such consent.

In Testimony Whereof each of the Testators have fully read the contents herein and are aware of the legal right of either to join herein or decline to do so.

Dated this the 1st day of October 1996.

Estill Bays Branham  
Estill Bays Branham

Sallye M. Branham  
Sallye M. Branham

The undersign hereby certifies that the above and foregoing Instrument of Will was duly signed in our presence by Estill Bays Branham and Sallie M. Branham.

This the \_\_\_\_ day of October 1996.

3rd day of August, 1996, 46-53  
Wm. L. Conroy

Prepared by:

John Allen Attorney  
Allen Building  
P O Box 441  
Prestonsburg, KY 41653

2  
P  
Will  
Nov 07 1995  
2  
Nov 07  
Vonda Kellum

STATE OF KENTUCKY  
COUNTY OF FLOYD  
I, CHRIS WAUGH, Clerk for the county and state aforesaid do hereby certify that the foregoing is a true and correct copy of the Will as appears on record in GG Page 648 Floyd County Clerk's Office  
Witness my hand this the 15<sup>th</sup> day of Feb  
Chris Waugh, Clerk  
By Patrice Foster D.C.



2. Describe the duties and responsibilities of Mr. Branham in regard to the day-to-day operations of Auxier Road. Who will succeed Mr. Branham in the performance of these duties?

Witness: Sallye Branham

Response: Mr. Branham oversaw all of the day to day operations of the company, including the non-regulated business matters such as corporate organization and tax compliance. He also was responsible for all regulated utility matters such as PSC safety and other regulatory compliance, financial and rate matters, gas supply and purchases, billing, customer relations, routine maintenance and operations. He was assisted in the performance of these duties by Sallye Branham, former vice president of the company, Kim Crisp and Susan Crum.

The duties have now been allocated among those three members of management. Sallye Branham has assumed the duties primarily associated with the chief corporate officer of corporate oversight. She also deals with PSC regulatory compliance, safety matters and supervision of the day to day office functions. Kim Crisp handles financial, accounting and regulatory reports, GCR filings, customer relations, billing and other duties as necessary. Susan Crum handles gas supply monitoring, billing, customer relations, computer needs and other duties as needed. The field work, maintenance, safety inspections, meter installations and meter reading are handled by the same employees, Alvis Scott and Timothy R. Daso, Jr., that have worked for Auxier for 18 and 11 years respectively.

Because the employees handling the day to day operations have worked for the Company for many years, there is continuity in the management of the Company and a familiarity on their part of the workings of the Company.



3 As President of Auxier Road, describe Sallye Branham's duties and responsibilities in the day-today operations and management of Auxier Road.

Witness: Sallye Branham

Response: See Response 2.



4. Provide the names, duties and relative experience of current Auxier Road employees who are to remain in place.

Witness: Sallye Branham

Response: Sallye Branham has worked for Auxier Road Gas Company since the inception of the company in 1963. She has also worked for Sigma Gas Company and assisted with the operations of Johnson County Gas Company, and Martin Gas Company. She has extensive experience with the day to day operations of small gas utilities, including PSC regulations, customer relations, billing, gas supply and purchases, safety, corporate compliance and accounting matters.

Kim Crisp has worked for Auxier since 1984. She has also worked for Sigma Gas Company, Johnson County Gas and Martin Gas Company. She has a degree in accounting and has been responsible for the financial compliance and reporting matters of the Company. She also performs the duties described in Response 2.

Susan Crum has also worked for Auxier since 1984. As well as working for Sigma Gas Company for 10 years, Johnson County and Martin Gas Companies. She has an accounting degree and her duties are listed in Response 2.

Field Employee Alvis Scott has been an employee with Estill Branham for 18 years. Timothy R. Daso, Jr. has been with the Company for 11 years. They were also employees of Sigma Gas Corporation which was operated by Mr. Branham.



5. Refer to Item 7 of the filing. Describe in detail the nature of the assistance that has been committed to Auxier Road by other local utilities. Include the names and addresses of the utilities offering the assistance.

Witness: Sallye Branham

Response: The Prestonsburg city utility, Prestonsburg, Kentucky, has offered to provide any assistance needed to supplement the field work of Auxier, including labor, equipment and materials. The proximity of the city system to Auxier makes this arrangement beneficial for routine relocations, installations and other non-emergency work. It also provides Auxier with back-up assistance if an emergency should arise that requires additional labor or equipment to supplement Auxier's staff.



6. Provide the most current interim financial statements that are available for Auxier Road if the annual report to the Commission has not been completed for 2007.

Witness: Sallye Branham

Response: Attached

Auxier Road Gas Co., Inc.  
BALANCE SHEET  
DECEMBER 31, 2007

ASSETS

Current assets		
Cash	102,542.14	
Customer Accounts Rec.	152,387.27	
N/R	7,000.00	
	<hr/>	
Total current assets		\$ 261,929.41
Fixed assets		
Plant & Equipment	1,257,187.22	
Accum. Depreciation	(772,240.79)	
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Total fixed assets		484,946.43
Other assets		
LOAN TO STOCKHOLDER	1,245.50	
	<hr/>	
Total other assets		1,245.50
		<hr/>
TOTAL ASSETS		\$ 748,121.34
		<hr/> <hr/>

See Accountant's Compilation Report

Auxier Road Gas Co., Inc.  
BALANCE SHEET  
DECEMBER 31, 2007

LIABILITIES AND CAPITAL

Current liabilities		
Notes Payable	133,288.97	
Accounts Payable	182,267.42	
Customer Deposits	39,859.52	
Accrued Interest	2,613.86	
Accrued Taxes	2,040.77	
Accrued Employee Benefits	3,330.00	
Accrued Salaries	81,900.00	
	<hr/>	
Total current liabilities		\$ 445,300.54
Long term liabilities		
Notes payable	182,569.77	
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Total long term liabilities		182,569.77
Other liabilities		
	<hr/>	
Total other Total liabilities		\$ 627,870.31
Capital		
Common Stock	20,000.00	
Other Paid-In Capital	2,035.00	
Retained Earnings	240,109.08	
Current Earnings	(141,893.05)	
	<hr/>	
Total capital		120,251.03
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 748,121.34
		<hr/> <hr/>

See Accountant's Compilation Report

Auxier Road Gas Co., Inc.  
INCOME STATEMENT  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

	C U R R E N T P E R I O D		Y E A R T O D A T E	
	Amount	Percent	Amount	Percent
Revenue				
Gas Sales	155,269.21	91.6	1,212,432.71	98.3
Penalties	406.73	0.2	5,319.44	0.4
Service Charge	125.00	0.1	975.00	0.1
Sales Tax Commission	14.51	0.0	88.44	0.0
Gain on sale of Asset	13,571.42	8.0	13,571.42	1.1
Other Income	91.16	0.1	1,338.56	0.1
	169,478.03	100.0	1,233,725.57	100.0
Total revenue				
Expenses				
Gas Purchases	120,688.96	71.2	827,563.10	67.1
Supervision	0.00	0.0	28,800.00	2.3
Mains & Services Labor	3,150.00	1.9	24,804.00	2.0
Services Supplies & Exp	213.34	0.1	6,665.63	0.5
Contract Labor	550.00	0.3	6,910.00	0.6
Rents	0.00	0.0	1,655.92	0.1
Maintenance of Meters	106.00	0.1	192.00	0.0
Meter Reading Labor	3,150.00	1.9	24,804.00	2.0
Accounting & Coll. Labor	7,050.00	4.2	62,700.00	5.1
Accounts Supplies & Exp	359.50	0.2	2,943.97	0.2
Uncollectable Accounts	1,698.11	1.0	1,698.11	0.1
Admin & General Salaries	7,050.00	4.2	91,500.00	7.4
Office Supplies & Exp	2,094.24	1.2	39,061.24	3.2
Outside Services Employed	(1,200.00)	(0.7)	2,500.00	0.2
Insurance	9,524.58	5.6	24,159.16	2.0
Employee Benefits	1,222.17	0.7	27,256.72	2.2
Miscellaneous Gen Expense	522.70	0.3	8,556.13	0.7
Rents	1,200.00	0.7	16,200.00	1.3
Transportation Expenses	(8,614.30)	(5.1)	19,455.51	1.6
Interest Expense	4,795.23	2.8	20,840.54	1.7
Depreciation Expense	38,291.62	22.6	67,991.62	5.5
Payroll & Other Taxes	13,478.92	8.0	59,201.28	4.8
Loss on sale of Assett	10,159.69	6.0	10,159.69	0.8
	215,490.76	127.1	1,375,618.62	111.5
Total expenses				
Net income	\$ (46,012.73)	(27.1)	\$ (141,893.05)	(11.5)

See Accountant's Compilation Report