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AUG 29 2016

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

B&H GAS COMPANY, B&S OIL AND GAS COMPANY	)	CASE NO.
AND MR. BUD RIFE, INDIVIDUALLY AND AS AN	)	2016-00204
OFFICER OF B&H GAS COMPANY AND B&S OIL AND	)	
GAS COMPANY	)	

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MOTION FOR RECONSIDERATION

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Comes B&H Gas Company ("B&H"), and B&S Oil and Gas Company ("B&S"), and Bud Rife ("Rife"), individually and as President of B&H and B&S (collectively "Respondents"), by and through counsel, and respectfully move the Commission to reconsider its Order entered August 22, 2016 ("Order"). In support of this motion, Respondents state as follows:

B&S is not a separate entity apart from Respondent Rife. In operating the gas wells at issue, Rife is simply doing business as ("d/b/a") B&S. This is reflected on the federal income tax return of Rife for tax year 2014, Schedule C of which shows that B&S had a net operating LOSS of \$-5,409. A true copy of the Schedule C (redacted) for the operations of B&S is attached hereto as **Exhibit A**. The Commission's Order directed B&S and Rife to EACH pay a penalty of \$500. Because B&S and Rife are one and the same, Respondents respectfully urge the Commission to order that only a single penalty be paid, and that it be assessed against Rife.

Furthermore, the Commission directed that B&H pay a penalty of \$500. The federal income tax return for B&H Gas Company, Inc. for 2015 shows a net operating loss of \$-213,907. A true copy of the 2015 federal income tax return for B&H (redacted) is attached hereto as **Exhibit B**.

In light of the severely distressed financial condition of both B&S and B&H, as demonstrated by the federal income tax returns of Rife and B&H, excerpts of which are attached hereto, Respondents respectfully move the Commission to reconsider its August 22, 2016 Order and direct Rife and B&H to each pay a penalty of \$200.

Dated this 26<sup>th</sup> day of August, 2016.

Respectfully submitted,



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JOE F. CHILDERS

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Lexington, Kentucky 40507  
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**CERTIFICATE OF SERVICE**

A true copy of the foregoing motion has been served on the Attorney General by mailing the same to:

Lawrence W. Cook, Esq.  
Rebecca W. Goodman, Esq.  
Assistant Attorneys General  
1024 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601

On this the 26<sup>th</sup> day of August, 2016.



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JOE F. CHILDERS

SCHEDULE C (Form 1040)

Profit or Loss From Business (Sole Proprietorship)

OMB No. 1545-0074

2014

Department of the Treasury Internal Revenue Service (99)

Information about Schedule C and its separate instructions is at www.irs.gov/schedulec. Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Assessment Sequence No 09

Name of proprietor

Social security number (SSN)

BUD RIFE

A Principal business or profession, including product or service (see instructions)

Enter code from instructions

OIL & GAS PROPERTIES

211110

C Business name (if no separate business name, leave blank)

D Employer ID number (EIN), (see instrs)

B & S OIL & GAS COMPANY

E Business address (including suite or room no.)

City, town or post office, state, and ZIP code

F Accounting method (1) X Cash (2) Accrual (3) Other (specify)

G Did you materially participate in the operation of this business during 2014? If 'No,' see instructions for limit on losses X Yes No

H If you started or acquired this business during 2014, check here

I Did you make any payments in 2014 that would require you to file Form(s) 1099? (see instructions) Yes No X No

J If 'Yes,' did you or will you file required Forms 1099? Yes No

Part I Income

Table with 7 rows for income items: 1 Gross receipts or sales (61,526), 2 Returns and allowances, 3 Subtract line 2 from line 1 (61,526), 4 Cost of goods sold, 5 Gross profit (61,526), 6 Other income, 7 Gross income (51,526).

Part II Expenses. Enter expenses for business use of your home only on line 30.

Table with 30 rows for expense items: 8 Advertising (250), 9 Car and truck expenses, 10 Commissions and fees, 11 Contract labor, 12 Depletion, 13 Depreciation and section 179 expense deduction (3,525), 14 Employee benefit programs, 15 Insurance (8,365), 16 Interest, 17 Legal & professional services (825), 18 Office expense (459), 19 Pension and profit-sharing plans, 20 Rent or lease, 21 Repairs and maintenance (896), 22 Supplies (23,380), 23 Taxes and licenses (7,792), 24 Travel, meals, and entertainment, 25 Utilities (11,995), 26 Wages (less employment credits), 27a Other expenses (7,468).

28 Total expenses before expenses for business use of home. Add lines 8 through 27a (66,935)

29 Tentative profit or (loss). Subtract line 28 from line 7 (-5,409)

30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home; and (b) the part of your home used for business. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30.

31 Net profit or (loss). Subtract line 30 from line 29 (-5,409)

32 If you have a loss, check the box that describes your investment in this activity (see instructions). 32a X All investment is at risk. 32b Some investment is not at risk.

Exhibit B

Form 1120

U.S. Corporation Income Tax Return

For calendar year 2015 or tax year beginning 2015, ending 2015, Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

OMB No. 1545-0123

2015

A Check if:

- 1 a Consolidated return (attach Form 991)
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

B & H GAS COMPANY INC. P.O. BOX 447 BETSY LAYNE, KY 41605

B Employer identification number

C Date incorporated

1/01/1963

D Total assets (see instructions)

50,504.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

INCOME

Table with 11 rows for income items: 1a Gross receipts or sales, 1b Returns and allowances, 1c Balance, 2 Cost of goods sold, 3 Gross profit, 4 Dividends, 5 Interest, 6 Gross rents, 7 Gross royalties, 8 Capital gain net income, 9 Net gain or (loss), 10 Other income, 11 Total income.

FOR LIMITATIONS ON DEDUCTIONS

Table with 19 rows for deductions: 12 Compensation of officers, 13 Salaries and wages, 14 Repairs and maintenance, 15 Bad debts, 16 Rents, 17 Taxes and licenses, 18 Interest, 19 Charitable contributions, 20 Depreciation, 21 Depletion, 22 Advertising, 23 Pension, profit-sharing, etc., plans, 24 Employee benefit programs, 25 Domestic production activities deduction, 26 Other deductions, 27 Total deductions, 28 Taxable income before net operating loss deduction, 29a Net operating loss deduction, 29b Special deductions, 29c Add lines 29a and 29b.

TAX CREDITS AND REFUNDABLE CREDITS

Table with 6 rows for tax credits and payments: 30 Taxable income, 31 Total tax, 32 Total payments and refundable credits, 33 Estimated tax penalty, 34 Amount owed, 35 Overpayment, 36 Enter amount from line 35 you want credited to 2016 estimated tax.

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

PRESIDENT Title

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/preparer's name

DARRELL MADDEN, CPA

Preparer's signature

Darrell Madden CPA

Date

5/24/16

Check self-employed

PTIN

P01256506

Firm's name

DARRELL MADDEN, CPA

Firm's address

PO BOX 529 HINDMAN, KY 41822

Firm's EIN

Phone no.

(606) 785-5046