

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

JOHNSON COUNTY GAS COMPANY,)
INC., VAN LEAR, KENTUCKY) CASE NO. 8235

O R D E R

On December 5, 1983, the Commission entered an Order requiring Johnson County Gas Company, Inc., ("Johnson County") to begin putting money into an escrow account at the rate of 1.479 cents per Mcf of gas sales per month. This transfer was to continue until the Commission made its final determination in this matter as to whether or not Johnson County was in violation of its Purchased Gas Adjustment Clause tariff. The final determination of the monies in the escrow account was also to have been made at a later date.

A hearing in this matter was held January 26, 1984, during which time the owner of Johnson County, Mr. Danny Preston, stated that the common stock of Johnson County had been sold and that he was no longer associated with Johnson County. He did, however, state that an escrow account had been set up with an initial deposit of \$500. At the time of the hearing no other funds had been placed into the escrow account. Mr. Preston had not sought prior Commission approval for the sale of Johnson County and that

matter is now pending in Case No. 8966 (Joint Application for the Sale and Purchase of All Issued and Outstanding Shares of Johnson County Gas Company, Inc.).

During an informal conference held at the Commission's offices on March 16, 1984, the new owner of Johnson County, Mr. Jack Daniel, stated that he had not placed any money into the escrow account pursuant to the Commission's December 5, 1983, Order in this matter. Mr. Daniel indicated that he was not aware that the December 5 Order applied to him because he had purchased Johnson County after the Order was issued.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) It is clear that the responsible parties involved with Johnson County have willfully violated both the intent and the spirit of the Commission's Order by not placing the required money into the escrow account.


(2) Mr. Jack Daniel, being the de facto owner and operator of Johnson County because he has executed the purchase contract, expended money for the system's operations and is now collecting sales revenues, is responsible for complying with all Commission Orders related to Johnson County regardless of when issued and, therefore, must immediately begin making the required deposits into the escrow account.


IT IS THEREFORE ORDERED that Johnson County shall immediately begin placing 1.479 cents per every Mcf of gas sold from November 10, 1983, into the escrow account previously established for this purpose.


IT IS FURTHER ORDERED that Johnson County shall submit to the Commission, on a monthly basis, evidence that the transfer has been made.

Done at Frankfort, Kentucky, this 29th day of March, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary