

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE FILING ADJUSTMENT)	CASE NO.
APPLICATION OF JOHNSON COUNTY GAS)	2012-00140
COMPANY)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO
JOHNSON COUNTY GAS COMPANY, INC.

Johnson County Gas Company, Inc. ("Johnson County"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due on or before November 21, 2012. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Johnson County shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Johnson County fails or refuses to furnish all or part of the requested information, it shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to Johnson County's responses to Item 1 of Commission Staff's First Request for Information ("Staff's First Request").

a. Based on the response that the information in its billing analysis is correct and corresponds to its amended Annual Report, confirm that Johnson County's Billing Analysis shows that its proposed rates will produce an increase in revenues over its current rates of \$47,821.28 (the difference between \$106,433.95 revenues at current rates and \$154,255.23 at proposed rates).

b. Reconcile Johnson County's proposed rates and the revenues they produce with the \$96,722 required revenue increase shown on ARF Form-1, Revenue Requirement Calculation – Operating Ratio Method in Johnson County's application.

2. The response to Item 2 of Staff's First Request indicates that Johnson County must recover \$182,417 annually plus \$39,000 (a total of \$221,417).

a. Explain how Johnson County proposes to recover the difference between \$221,417, or \$182,417, and the \$154,255 produced by its proposed rates.

b. Within the context of the information provided in Johnson County's ARF Form-1 and Billing Analysis, explain how the proposed minimum bill change from 1 Mcf to 2 Mcf produces \$18,100.

c. The response states that the \$39,000 for debt service to Johnson County's creditors required in its Plan of Reorganization "probably should be treated as a separate, line-item surcharge." State whether it is Johnson County's intent to incorporate a surcharge into its rate proposal, in addition to its proposed rates. If so, provide the amount of the proposed surcharge and its calculation.

3. Refer to the response to Item 5 of Staff's First Request.

a. Confirm that the majority of Johnson County's system supply comes from Bradco Oil Company ("Bradco") and Hall, Stephens, & Hall and that, pursuant to the most recently negotiated contracts with those suppliers as provided in Case No. 2012-00227,¹ the price of gas from both of these suppliers is \$6.00 per Mcf.

b. State whether Johnson County is currently receiving invoices for the gas supplied by Hall, Stephens, & Hall. If yes, provide all invoices received. If not, explain when and how Johnson County expects to be billed and how it expects to recover the cost of this gas supply.

c. State whether Johnson County has paid all invoices received from Bradco, EQT Gathering, LLC., and Columbia Gas Transmission, LLC.

4. Refer to Johnson County's response to Item 6 of Staff's First Request and the first two general ledger pages attached thereto. Provide the following information.

a. The date Johnson County moved its office to its present location.

b. The response states that Johnson County and B & H Gas Company ("B & H") each pay \$1,000 per month to rent a building owned by Mr. Rife. Provide the square footage of the building.

¹ Case No. 2012-00227, Purchased Gas Adjustment Filing of Johnson County Gas Company (filed June 4, 2012).

c. Provide a description of the building's interior and how Johnson County utilizes the space (i.e., the number of rooms, the number of desks, the office equipment, the number of persons who work in the building, etc.).

d. The total amount of expense reported by Johnson County was for rent and the leases of trucks, according to part a. of the response. Identify the trucks leased by Johnson County and from whom they are leased.

5. Refer to the response to Item 7 of Staff's First Request, which in part d. asked for the compensation Mr. Rife received in 2011 from the other entities he owns.

a. The response did not indicate what compensation Mr. Rife received in 2011 from B & H. Provide the requested information.

b. B & H's 2011 annual report filed with the Commission does not specifically show the amount of Mr. Rife's compensation; however, based on the levels of expense reported for various accounts, it is evident that the amount would be much less than the \$84,000 annual management fee he receives from Johnson County.

(1) Provide a detailed description of the specific functions, tasks, and duties that Mr. Rife performs for Johnson County.

(2) According to their annual reports, Mr. Rife is the president of both Johnson County and B & H. Explain the difference in the level of compensation that he receives from each utility.

c. The response states: "B & S Oil and Gas is a sole proprietorship so no wages were derived by Bud Rife from this entity." The request was not for wages; it was for compensation. Provide the amount of the net earnings, management fee, or other type of compensation Mr. Rife received from B & S Oil and Gas in 2011.

6. Refer to the response to Item 8 of Staff's First Request, which confirms that Johnson County's telephone expense in 2011 was \$5,595. Provide a description of Johnson County's telecommunication service, stating all features.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED NOV 07 2012

cc: Parties of Record

Case No. 2012-00140

Bud Rife
Manager
Johnson County Gas Company, Inc.
P. O. Box 447
Betsy Layne, KY 41605