

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF B & H GAS)	
COMPANY, AND BUD RIFE, INDIVIDUALLY AND)	CASE NO.
AS AN OFFICER OF B & H GAS COMPANY)	2019-00055
ALLEGED VIOLATION OF KRS 278.300)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO B & H GAS COMPANY AND BUD RIFE

B & H Gas Company (B & H) and Bud Rife, pursuant to 807 KAR 5:001, are to file with the Commission the original and an electronic version of the following information. The information requested herein is due on March 21, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

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.

B & H and Mr. Rife shall make timely amendment to any prior response if they obtain 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 B & H and Mr. Rife fail or refuse to furnish all or part of the requested information, B & H and Mr. Rife shall provide a written explanation of the specific grounds for their 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, B & H and Mr. Rife shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Case No. 2018-00433,¹ Outstanding Debt Instruments Attachment, Promissory Note between B & H and Bud Rife for \$53,284.00 that was executed on December 28, 2018. The Promissory Note states that “Rife has loaned money to B & H, or has advanced services to B & H.”

a. Provide the date or dates that Mr. Rife loaned money to B & H and the amount of each loan that is included in the \$53,284.00 Promissory Note.

b. Provide all documentation that supports each loan that Mr. Rife made to B & H that is included in the \$53,284.00 Promissory Note.

¹ Case No. 2018-00433, *Application of B & H Gas Company for an Alternative Rate Adjustment* (filed Feb. 4, 2019).

c. Explain in specific detail the purpose for each loan made to B & H by Bud Rife that is included in the \$53,284.00 Promissory Note.

d. Provide the date of service provided, type of service provided, and the amount billed for each service provided by Mr. Rife to B & H that is included in the \$53,284.00 Promissory Note.

e. Provide all documentation, including but not limited to invoices, that supports the amount for services that Mr. Rife provided to B & H that is included in the \$53,284.00 Promissory Note.

f. Explain in specific detail the reasons why a twenty-year term was selected for repayment of the \$53,284.00 Promissory Note.

g. State whether any payments have been made on the \$53,284.00 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$53,284.00 Promissory Note.

h. State whether the proceeds of the \$53,284.00 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.

i. State whether the proceeds of the \$53,284.00 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.

j. State whether the proceeds of the \$53,284.00 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.

k. Provide a list of all projects completed or assets purchased with the proceeds of the \$53,284.00 Promissory Note.

l. Provide the asset ledger that is associated with the \$53,284.00 Promissory Note.

m. Provide documentation of any collateral that secures the \$53,284.00 Promissory Note.

2. Refer to Case No. 2018-00433, Outstanding Debt Instruments Attachment, Promissory Note between B & H and Bud Rife Construct Company (Rife Construction) for \$490,132.61 that was executed on December 28, 2018. The Promissory Note states that “[Rife] Construction has loaned money to B & H, or has advanced services to B & H.”

a. Provide the date or dates that Rife Construction loaned money to B & H and the amount of each loan that is included in the \$490,132.61 Promissory Note.

b. Provide all documentation that supports each loan that Rife Construction made to B & H that is included in the \$490,132.61 Promissory Note.

c. Explain in specific detail the purpose for each loan made to B & H by Rife Construction that is included in the \$490,132.61 Promissory Note.

d. Provide the date of service provided, type of service provided, and the amount billed for each service provided by Rife Construction to B & H that is included in the \$490,132.61 Promissory Note.

e. Provide all documentation, including but not limited to invoices, that supports the amount for services that Rife Construction provided to B & H that is included in the \$490,132.61 Promissory Note.

f. Explain in specific detail the reasons why a twenty-year term was selected for repayment of the \$490,132.61 Promissory Note.

g. State whether any payments have been made on the \$490,132.61 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$490,132.61 Promissory Note.

h. State whether the proceeds of the \$490,132.61 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.

i. State whether the proceeds of the \$490,132.61 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.

j. State whether the proceeds of the \$490,132.61 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.

k. Provide a list of all projects completed or assets purchased with the proceeds of the \$490,132.61 Promissory Note.

l. Provide the asset ledger that is associated with the \$490,132.61 Promissory Note.

m. Provide documentation of any collateral that secures the \$490,132.61 Promissory Note.

3. Refer to Case No. 2018-00433, Outstanding Debt Instruments Attachment, Promissory Note between B & H and B & S Gas Company (B & S) for \$1,078,528.92 that was executed on December 28, 2018. The Promissory Note states that "B & S has loaned money to B & H, or has advanced services to B & H."

a. Provide the date or dates that B & S loaned money to B & H and the amount of each loan that is included in the \$1,078,528.92 Promissory Note.

b. Provide all documentation that supports each loan that B & S made to B & H that is included in the \$1,078,528.92 Promissory Note.

c. Explain in specific detail the purpose for each loan made to B & H by B & S that is included in the \$1,078,528.92 Promissory Note.

d. Provide the date of service provided, type of service provided, and amount billed for each service provided by B & S to B & H that is included in the \$1,078,528.92 Promissory Note.

e. Provide all documentation, including but not limited to invoices, that supports the amount for services that B & S provided to B & H that is included in the \$1,078,528.92 Promissory Note.

f. Explain in specific detail the reasons why a twenty-year term was selected for repayment of the \$1,078,528.92 Promissory Note.

g. State whether any payments have been made on the \$1,078,528.92 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$1,078,528.92 Promissory Note.

h. State whether the proceeds of the \$1,078,528.92 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.

i. State whether the proceeds of the \$1,078,528.92 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.

j. State whether the proceeds of the \$1,078,528.92 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.

k. Provide a list of all projects completed or assets purchased with the proceeds of the \$1,078,528.92 Promissory Note.

l. Provide the asset ledger that is associated with the \$1,078,528.92 Promissory Note.

m. Provide documentation of any collateral that secures the \$1,078,528.92 Promissory Note.

4. Refer to Case No. 2018-00433, Outstanding Debt Instruments Attachment, Promissory Note between B & H and B & S for \$90,815.18 that was executed on December 28, 2018. The Promissory Note states that "B & S has loaned money to B & H."

a. Provide the date or dates that B & S loaned money to B & H and the amount of each loan that is included in the \$90,815.18 Promissory Note.

b. Provide all documentation that supports each loan that B & S made to B & H that is included in the \$90,815.18 Promissory Note.

c. Explain in specific detail the purpose for each loan made to B & H by B & S that is included in the \$90,815.18 Promissory Note.

d. Explain in specific detail the reasons why a twenty-year term was selected for repayment of the \$90,815.18 Promissory Note.

e. State whether any payments have been made on the \$90,815.18 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$90,815.18 Promissory Note.

f. State whether the proceeds of the \$90,815.18 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.

g. State whether the proceeds of the \$90,815.18 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.

h. State whether the proceeds of the \$90,815.18 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.

i. Provide a list of all projects completed or assets purchased with the proceeds of the \$90,815.18 Promissory Note.

j. Provide the asset ledger that is associated with the \$90,815.18 Promissory Note.

k. Provide documentation of any collateral that secures the \$90,815.18 Promissory Note.

5. Refer to Case No. 2018-00433, Outstanding Debt Instruments Attachment, Promissory Note between B & H and Goss Samford PLLC (Goss Samford) for \$39,462.82 that was signed by Bud Rife as President of B & H on December 28, 2018. The Promissory Note states that "Goss has advanced services to B & H."

a. Provide a copy of the \$39,462.92 Promissory Note that is signed by a representative of Goss Samford.

b. Provide the date of service provided, type of service provided, and amount billed for each service provided by Goss Samford to B & H that is included in the \$39,462.92 Promissory Note.

c. Provide all documentation, including but not limited to invoices, that supports the amount for services that Goss Samford provided to B & H that is included in the \$39,462.92 Promissory Note.

d. Explain in specific detail the reasons why a five-year term was selected for repayment of the \$39,462.92 Promissory Note as opposed to a shorter term, such as a two-year term.

e. State whether any payments have been made on the \$39,462.92 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$39,462.92 Promissory Note.

f. Provide the asset ledger that is associated with the \$39,462.92 Promissory Note.

g. Provide documentation of any collateral that secures the \$39,462.92 Promissory Note.

6. Refer to the annual reports of B & H for 2010 through 2017. Confirm that, for the years 2010 through 2017, B & S supplied a total of 123,464 Mcf of natural gas to B & H at a total cost of \$1,135,053. If this cannot be confirmed, provide the correct amounts.


Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED MAR 06 2019

cc: Parties of Record

*B & H Gas Company
P. O. Box 447
Betsy Layne, KY 41605

*Bud Rife
President
B & H Gas Company
P. O. Box 447
Betsy Layne, KY 41605

*Joe F Childers
Joe F. Childers & Associates
300 Lexington Building
201 West Short Street
Lexington, KENTUCKY 40507

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204