

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS,	)	
LLC FOR APPROVAL OF CONSOLIDATION OF	)	
AND ADJUSTMENT OF RATES, APPROVAL OF	)	
AMR EQUIPMENT AND A CERTIFICATE OF	)	CASE NO.
CONVENIENCE AND NECESSITY FOR	)	2011-00443
INSTALLATION OF AMR, PIPELINE	)	
REPLACEMENT PROGRAM, REVISION OF NON-	)	
RECURRING FEES AND REVISION OF TARIFFS	)	

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

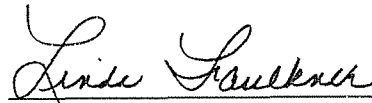
- The digital video recording of the evidentiary hearing conducted on February 14, 2013 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on February 14, 2013 in this proceeding.

A copy of this Notice, the certification of the digital video record, and exhibit list have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at [http://psc.ky.gov/av\\_broadcast/2011-00443/2011-00443\\_14Feb13\\_Inter.aspx](http://psc.ky.gov/av_broadcast/2011-00443/2011-00443_14Feb13_Inter.aspx). Parties wishing an annotated digital video

recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

The exhibits introduced at the evidentiary hearing may be downloaded at <http://psc.ky.gov/pscscf/2011%20cases/2011-00443/>.

Done at Frankfort, Kentucky, this 1<sup>st</sup> day of March 2013.



Linda Faulkner  
Linda Faulkner  
Director, Filings Division  
Public Service Commission of Kentucky

Joe and Gloria Conley  
231 Mine Fork Rd  
Salyersville, KENTUCKY 41465

Ben F Gardner  
Salyersville First Baptist Church  
PO Box 616  
Salyersville, KENTUCKY 41465

Honorable John N Hughes  
Attorney at Law  
124 West Todd Street  
Frankfort, KENTUCKY 40601

Robin Simpson Smith  
PO Box 216  
Prestonsburg, KENTUCKY 41653

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS, )  
LLC FOR APPROVAL OF CONSOLIDATION OF )  
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INSTALLATION OF AMR, PIPELINE )  
REPLACEMENT PROGRAM, REVISION OF NON- )  
RECURRING FEES AND REVISION OF TARIFFS )

CERTIFICATE

I, Van Kuhnappel, hereby certify that:

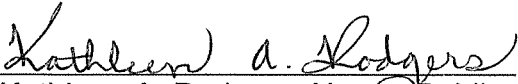
1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on February 14, 2013. Hearing Log, Exhibits, Exhibit List and Witness List are included with the recording for February 14, 2013.
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the hearing;
4. The "Exhibit List" attached to this Certificate lists all exhibits introduced at the hearing of February 14, 2013.

Given this 28th day of February, 2013.

  
\_\_\_\_\_  
VAN KUHNAPFEL

STATE OF KENTUCKY )  
 )  
COUNTY OF FRANKLIN)

Acknowledged and sworn to before me by Van Kuhnappel, this 28th day of February, 2013.

  
Kathleen A. Rodgers, Notary Public  
State at Large

My Commission Expires: November 12, 2016  
Notary ID 476799

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER GAS, )  
LLC FOR APPROVAL OF CONSOLIDATION OF )  
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INSTALLATION OF AMR, PIPELINE )  
REPLACEMENT PROGRAM, REVISION OF NON- )  
RECURRING FEES AND REVISION OF TARIFFS )

**EXHIBIT LIST - EXHIBITS INTRODUCED AT**  
**FEBRUARY 14, 2013 HEARING**

- PSC Exhibit A: Document titled Application in PSC Case No. 2008-394 stamped received Sept. 24, 2008
- PSC Exhibit B: Document titled Order in PSC Case No. 2009-00442 entered Feb. 22, 2010
- PSC Exhibit C: Document titled Petition for Transfer of Stock and Pipeline Facilities; Purchase of Farm Tap Customers; and Approval of Financing stamped filed Feb. 22, 2010
- PSC Exhibit D: Document titled Kentucky Frontier Gas, LLC, Profit & Loss, January through December 2011
- PSC Exhibit E: Document titled Auxier Road Gas Co., Inc., Balance Sheet, June 30, 2009
- PSC Exhibit F: Document titled Cow Creek Gas, Inc., Balance Sheet, November 30, 2009
- Hughes Exhibit 1: Documents serving as proof of notice of publication

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 24 2008

PUBLIC SERVICE  
COMMISSION

In the Matter of:

The Application of )  
Kentucky Frontier Gas, LLC ) Case No.  
for Approval of Financing ) 2008-394

**APPLICATION**

Kentucky Frontier Gas, LLC (Kentucky Frontier), by counsel, petitions the Commission for an order approving the assumption of debt of several natural gas utilities and the financing of new debt by a combined utility company pursuant to KRS 278.300. An application for approval of the transfer of these utilities to Frontier was approved in Case No. 2005-00348 dated October 28, 2005. Frontier now seeks approval of the financing plan proposed in this Application.

1. Kentucky Frontier Gas, LLC is a Colorado company authorized to do business in Kentucky. Its address is 4891 Independence St., Suite 200, Wheat Ridge CO 80033. Managing partners are Robert Oxford and Steven Shute. A copy of its articles of organization was filed in Case No. 2005-00348 and its Certificate of Good Standing is filed as exhibit 1.

2. Kentucky Frontier is a utility as defined by KRS 278.010(3). It operates Floyd County Gas and Mike Little Gas Company pursuant to contracts, attached as exhibit 2.

3. Kentucky Frontier received approval for the transfer of the utilities listed below in Case No. 2005-00348. Copy attached as exhibit 3. Kentucky

Frontier now seeks approval of proposed financing, capital structure and any other approval needed to complete ownership and operation of these entities.

4. The utilities involved in the transfer and financing are:

a. **Belfry Gas, Inc.** Incorporated in 1969, Belfry is owned by JW Kinzer and has about 500 customers in eastern Pike County, from Belfry to the border near Williamson, WV. The owner of Belfry Gas will transfer the assets of the gas distribution entity, including farm tap customers served through Alert Gas System, but will retain some of the transmission pipelines and the Belfry name.

b. **Floyd County Gas.** Originally incorporated as Ohio-Kentucky Utilities in 1969, the system was bankrupted and assets taken over by Floyd County ca 1979. Since then, the system has been operated by a non-profit entity **East Kentucky Utilities (EKU)** under contract with the County. In April 2005, Floyd County placed the assets up for public bid, and accepted the offer by Frontier partners. The purchase of assets does not include EKU. This system serves about 850 customers in Floyd County from Prestonsburg toward Pikeville.

c. **Elam Utility Company, Inc.** Incorporated in 1936, this gas-only utility is now owned by Wilma Ison. This utility serves about 430 customers, mostly in the West Liberty community in Morgan County.

d. **Mike Little Gas Company** Incorporated in 1964, company is owned by the heirs of Mike Little. This utility serves about 350 customers, mostly in the Melvin community in southwest Floyd County.



5. No rate adjustment is being proposed at this time and no acquisition adjustment is being requested at this time. Kentucky Frontier anticipates these general rates will stay in effect for 1 to 2 years. Kentucky Frontier plans to eventually file a consolidated rate case and serve all customers through a single utility brand with a single rate structure.

6. The consolidation of these utilities is expected to create a viable sized utility that will provide financial stability. Many utility functions - billing, accounting, customer calls, emergency response, operator training and regulatory compliance – will be enhanced by a central organization.

7. Kentucky Frontier expects to reduce operating costs by consolidating functions within the combined utility. The new utility will have a viable capital structure and will be able to service its debt, which is not being done by most of these companies. This consolidation will benefit the customers by allowing adequate funds for operations, stable financial operations and reduced threat of bankruptcy. A stronger utility will have the ability to expand its customer base with the potential for reduced rates and less frequent rate increases. These operational savings are reflected in the pro forma statement filed as exhibit 4.

8. Upon finalization of acquisition, Elam and Mike Little customers will continue to be served under those operating names, rates and tariffs. Customers of East Kentucky Utilities and Belfry Gas will be served under the “Kentucky Frontier Gas” name, but at the current rates and tariffs of those companies.

9. Kentucky Frontier will hold all assets and liabilities of all companies acquired.

10. Kentucky Frontier is a limited liability company formed to acquire Kentucky gas utilities. Information on members is contained in exhibit 5.

11. Kentucky Frontier pro forma financial information is included in exhibit 4.

12. The most recent PSC Annual Reports for Belfry, Elam, B&H Gas Company, Mike Little and East Kentucky Utilities are incorporated by reference.

13. The capital structure of Kentucky Frontier will consist of \$1,160,000 or 40% in cash equity contributed toward the acquisition, along with \$1,700,000 or 60% long-term debt.

14. Most of the existing long-term debt for the affected utilities is currently through Gas System Restoration and Development Project (GSRP) and Kentucky Infrastructure Agency (KIA) programs administered by the Governor's Office of Local Development (GOLD). For simplicity, all such loans are referred to as GOLD loans and are attached as exhibit 6. Frontier has an agreement with GOLD that the security interests for Mike Little, Elam and Floyd County systems along with the security interests for B&H Gas Company and Johnson County Gas Company will be assigned to Kentucky Frontier for \$800,000. Frontier originally agreed to pay GOLD \$955,000 for five gas companies including Johnson County. However, that amount was reduced to reflect the uncertain legal status of Johnson County due to the recent bankruptcy filing by Johnson County. Frontier

anticipates a separate application to deal with the acquisition and financing of that company at some time in the future.

15. The utility debt acquisitions have been approved by GOLD. A copy of the Asset Purchase Agreement is attached as exhibit 7. As part of the total project cost, Kentucky Frontier will incur the \$800,000 payment to GOLD

16. Each utility will cease to be a separate corporate entity under Kentucky Frontier ownership. The proposed debt structure of Kentucky Frontier is attributable to the original utility systems as follows:

a. **Belfry Gas.** Belfry has no external debt, except for amounts payable to owner JW Kinzer. This acquisition will leave this entity without debt. The acquisition cost of \$500,000 is for the Belfry assets. Frontier is also negotiating to take over certain farm tap customers controlled by Kinzer but not currently included in the Belfry system.

b. **Floyd County Gas.** This system has substantial debt to GOLD and to Floyd County. Under the terms of the public bid, the acquisition price of \$1,075,000 will be paid to Floyd County, which will discharge all debts. Frontier has placed \$700,000 in escrow for the benefit of Floyd County as payment for the assets. Frontier will receive credit for the remaining balance by retiring the current GOLD debt.

c. **Elam Utility.** This system has substantial debt to GOLD of about \$900,000. Frontier will retire the GOLD debt and pay the owner for any remaining equity. There is also an imbalance of 46,000 DTH of gas owed in-kind to Columbia Gas Transmission Corporation for unpaid gas

deliveries. Frontier will not assume this liability, but will attempt to negotiate a fair settlement between the owner, Columbia and Elam ratepayers..

d. **Mike Little.** Company has a small GOLD loan, and 2 small commercial bank loans. The GOLD balance is currently approximately \$140,000. Frontier will retire the existing Mike Little loan with GOLD and pay an additional \$210,000 to the current owner.

17. Floyd County Gas has redeemed a bond payable to the county. GOLD has a bond held in the name of Floyd County Gas that will be cancelled as part of the Asset Purchase Agreement. Kentucky Frontier does not anticipate issuing bonds.

18. Belfry Gas holds a note to owner J.W. Kinzer. Elam Utility, Floyd County Gas and Mike Little Gas each hold one or more commercial bank notes. These debts will be assumed or paid by the current owners and not by Kentucky Frontier. No liability for any debts, notes or other obligations is being assumed by Frontier.

19. The remaining Kentucky Frontier debt will be secured through a commercial bank loan with Community Trust Bank. The terms are expected to be \$1,700,000 at prime plus .50% APR amortized over 10 years. See exhibit 8.

20. The proceeds of equity and debt financing will be used to finance the acquisition and initial operating costs of these utilities. The total acquisition cost is expected to be \$2.7 million. The cost of regulatory approvals and initial

system upgrades is expected to increase the total initial project cost to \$2.9 million.

21. The proceeds of the financing are not being used to refund any outstanding obligations, except to the extent previously described.

22. Kentucky Frontier's business plan is generally reflected in the proposed pro forma financial statements, description of proposed operations and other information provided in exhibit 4.

23. A description of the original cost of the property to be acquired by Frontier can be found in the PSC Annual Reports of Belfry Gas, Inc., Elam Utility Company, Inc., Floyd County Gas and Mike Little Company, which are incorporated by reference. The cost to Kentucky Frontier of each property is described above.

24. Kentucky Frontier is an LLC and has no stock. Upon funding of equity and debt, and after closing on the purchase of the utilities named herein, Frontier partners will hold the following ownership:

- a. Industrial Gas (10%)
- b. Larry Rich (20%)
- c. Steven Shute (40%)
- d. Robert Oxford (30%)

25. No stock is to be issued in conjunction with this financing.

26. The other debt to be issued, amount, interest rate and security are described in exhibit 8.

27. The proceeds of the financing are to be used to finance the acquisition of debt of the utilities named above.

28. The proceeds of the financing are not being used to refund any outstanding obligations.

29. There is no preferred stock issued.

30. The current GOLD mortgages, including the name of the mortgagee, secured debt, and other provisions of the utilities to be acquired are discussed in paragraphs 14-18.

31. Floyd County and GOLD each hold bonds Series A and Series B related to the loan of 1991 by GOLD to Floyd County. Those bonds have been or will be retired at the time of closing of the financing with each entity. There are no bonds to be issued by Kentucky Frontier.

32. Notes are described in paragraphs 14-18.

33. Other debts are discussed in paragraphs 14-18.

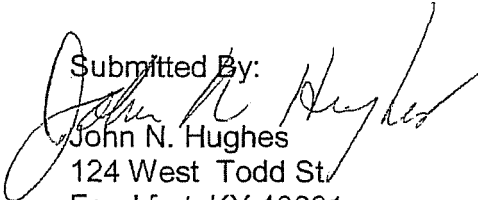
34. No dividends have been paid by Kentucky Frontier in the last five years.

35. A balance sheet and income statement is included in exhibit 4.

Based on this information, the Applicant believes the financing is in the public interest, for a lawful purpose, is necessary for the proper performance of the utility to serve its customers and is reasonably necessary as required by KRS 278.300.

For these reasons, Kentucky Frontier requests that the Commission issue an order approving the financing and any other approvals necessary to complete

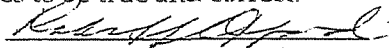
the transactions related to the financing. Kentucky Frontier further requests that the application be given expedited review and approval prior to November 28, 2008. This will allow the closing of financing in a timely manner and will give Frontier the opportunity to begin operations prior to the winter heating season of 2008-2009.

Submitted By:  
  
John N. Hughes  
124 West Todd St.  
Frankfort, KY 40601

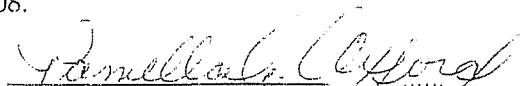
Attorney for  
Kentucky Frontier Gas, LLC

AFFIDAVIT

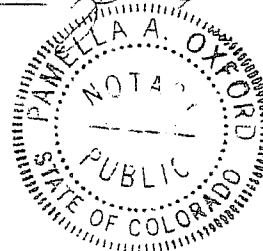
Affiant, Robert J. Oxford, after being first sworn, deposes and says he is the President of Kentucky Frontier Gas, LLC, that he is authorized on behalf of the company to file this petition, that the petition and the statements are true and correct to the best of his knowledge and belief except as to those matters that are based on information provided to him and as to those he believes to be true and correct.

  
Robert J. Oxford

This instrument was produced, signed and sworn by Robert Oxford to be his act and deed the 19<sup>th</sup> day of September, 2008.

  
Notary Public

My Commission expires: \_\_\_\_\_ my commission expires 9/22/08





COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY FRONTIER	)	
GAS COMPANY, LLC FOR APPROVAL OF	)	CASE NO.
TRANSFER OF AUXIER ROAD	)	2009-00442
CORPORATION STOCK	)	

O R D E R

Kentucky Frontier Gas Company, LLC ("Kentucky Frontier") has applied for authorization to acquire certain shares of stock of Auxier Road Gas Company ("Auxier"), a natural gas utility, and for authorization of financing of the acquisition. Finding that the statutory prerequisites have been met for the acquisition and associated financing, we authorize the transfer of Auxier stock to Kentucky Frontier and approve the proposed financing.

PROCEDURE

On November 13, 2009, Kentucky Frontier applied for Commission authorization to acquire 94.29 percent of the stock of Auxier. On December 22, 2009, Kentucky Frontier amended its Petition to also request approval of financing for the stock purchase. Staff issued one data request to which Kentucky Frontier has responded. An informal conference was held on December 18, 2009. There are no other parties to the case and no party requested intervention.

DISCUSSION

According to the agreement submitted with its application, Kentucky Frontier will acquire 94.29 percent of the Auxier stock for \$1,550,000 and assume Auxier's existing

note with Community Trust Bank, Inc. in Pikeville, Kentucky ("Community Trust Bank") at the current balance as of the date of the agreement, not to exceed \$88,000. Kentucky Frontier will continue to negotiate to purchase the remaining 5.71 percent of Auxier's outstanding stock.

Kentucky Frontier will finance its acquisition of Auxier with a commercial bank loan from Community Trust Bank, consisting of two notes in the total amount of \$1,746,400 and with an equity contribution of \$484,000 from Kentucky Frontier. The equity and the majority of the loan proceeds will be used to acquire the Auxier stock and to extinguish the \$88,000 note between Auxier and Community Trust Bank. Kentucky Frontier will use approximately \$550,000 of the debt for other planned acquisitions of gas facilities. The portion of the \$484,000 total equity contribution to be allocated to Auxier has not been determined at this time but the debt to equity ratio is intended to be approximately 80 percent debt and 20 percent equity once the purchase is completed.<sup>1</sup>

At the informal conference, Kentucky Frontier discussed its financing plan and disclosed that \$550,000 of the loan will not be used for the acquisition of Auxier but for future acquisition of other gas utility assets. In its amended application, Kentucky Frontier stated that it will file a separate application for the acquisition and financing of the other gas utility assets.<sup>2</sup> By this Order, the Commission is approving the portion of the loan that applies to the acquisition of Auxier. Kentucky Frontier will be required to

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<sup>1</sup> Kentucky Frontier's response to Staff's December 4, 2009 data request, Item 14, dated December 11, 2009.

<sup>2</sup> Amended petition for transfer of stock and approval of financing, dated December 22, 2009, at paragraph 13.

seek Commission approval of any future acquisitions of gas utility assets, as well as for the financing of those assets.

#### GAS PLANT ACQUISITION ADJUSTMENT/STOCK PREMIUM

Kentucky Frontier is purchasing Auxier's stock at a purchase price in excess of the stock's book value. When the sale of a utility's assets results in a purchase price greater than the original cost less accumulated depreciation (net book value), the difference between the purchase price and the net book value is accounted for as a plant acquisition adjustment.

In response to Commission Staff's data request, Kentucky Frontier provided the journal entries it proposed to make to record the Auxier transfer. With a cash payment of \$1,663,000 and a net book value of \$448,384, Kentucky Frontier indicated that it would record a Gas Plant Acquisition Adjustment ("GPAA") of \$1,214,616.<sup>3</sup> Kentucky Frontier's proposed journal entries are not the proper entries for a stock acquisition. The entries proposed by Kentucky Frontier are for an "asset" purchase, similar to Kentucky Frontier's recent purchase of several other small gas utilities. Since this is a "stock" purchase and not an "asset" purchase, Kentucky Frontier should record its investment in Auxier in Account 123.1, Investments in Subsidiary Companies. Kentucky Frontier should contact Commission Staff if it has any questions regarding the journal entries to record its acquisition of Auxier.

In any case, Kentucky Frontier must request Commission authorization if it wishes to recover through rates any of the purchase price of Auxier stock in excess of

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<sup>3</sup> Kentucky Frontier's response to Staff's December 4, 2009 data request, item 11, dated December 11, 2009.

the book value of the stock. The Commission will treat such a request in a manner similar to that of a GPAA.

The Commission has set forth its position on GPAA's in several prior Orders. A primary source of information regarding the Commission's past position regarding GPAA's is Case No. 1998-00613.<sup>4</sup> The decision in that case generally held that the issue of recovery of a GPAA should be considered on a case-by-case basis. The Order set out five criteria to be considered by the Commission regarding recovery of a GPAA. Those criteria can be identified as follows:

- (1) The purchase price was established upon arm's-length negotiations;
- (2) The initial investment plus the cost of restoring facilities to required standards will not adversely impact the overall costs of existing or new customers;
- (3) Operational economies can be achieved through the acquisition;
- (4) The purchase price of utility property and non-utility property, if any, can be clearly identified; and
- (5) The purchase will result in overall benefits in the financial and service aspects of the utility's operations.

While the matter of recovery of the stock premium created by Kentucky Frontier's acquisition of control of Auxier is not being decided in this case, these criteria will need to be addressed by Kentucky Frontier if it seeks to recover any portion of the stock premium in a future rate proceeding. The Commission finds that the stock premium/

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<sup>4</sup> Case No. 1998-00613, In the Matter of the Application of Delta Natural Gas Company, Inc. for an Order Authorizing the Purchase of the Assets of Mt. Olivet Natural Gas Company (Ky. PSC Sept. 7, 1999).

acquisition adjustment should be approved for accounting purposes only and a decision on rate-making treatment deferred until a future rate proceeding.

#### FINDINGS OF FACT

The Commission, based on the evidence of record and being otherwise sufficiently advised, finds that:

1. The Commission has previously approved the acquisition of three natural gas utilities by Kentucky Frontier in Case No. 2008-00394.<sup>5</sup>

2. Auxier, a privately held Kentucky corporation, owns and operates facilities that distribute and furnish natural gas to approximately 500 customers in and around Prestonsburg, Kentucky.

3. Kentucky Frontier is a limited liability company formed under the laws of Colorado and is authorized to conduct business in Kentucky.

4. Kentucky Frontier has entered into an agreement for the transfer of 94.29 percent of Auxier stock from Sallye Branham.

5. The term sheet for the acquisition of Auxier stock provides for the purchase of stock for \$1,550,000 and the assumption of an \$88,000 bank note held by Community Trust Bank. Kentucky Frontier will enter into a five-year consulting contract with Sallye Branham for \$10,000 per year. The Auxier office building, shop, and storage area will be leased from Sallye Branham for \$1,800 per month. Sallye Branham will receive gas at her current residence at no charge for up to 15 years at a volume not

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<sup>5</sup> Case No 2008-00394, Application of Kentucky Frontier Gas, LLC for Approval of Financing and Transfer of Control (Ky. PSC Nov. 25, 2008).

to exceed 80 dekatherms per year. Employment will be offered full-time to Kimberly Crisp and part-time to Susan Crum.

6. To finance this acquisition, Kentucky Frontier has obtained a commercial loan commitment from Community Trust Bank. The Auxier stock purchase will be funded with approximately 80 percent debt and 20 percent equity. There are to be two notes for a total of \$1,746,400. The terms of the \$1,746,400 commercial loan include an interest rate at the Wall Street Journal ("WSJ") prime rate plus one percent Annual Percentage Rate ("APR"), with a floor of six percent, amortized over 15 years. According to the amortization schedule, the monthly principal and interest payment will total \$15,000.

7. Kentucky Frontier will use approximately \$550,000 of the debt for other planned acquisitions of gas facilities. Kentucky Frontier will be required to seek Commission approval of any future acquisitions of gas utility assets, as well as for the financing of those assets.

8. Upon completion of the proposed transaction, Kentucky Frontier, LLC will own 94.29 percent of the stock of Auxier.

9. Kentucky Frontier does not propose any immediate changes to the rates, regulations, or conditions of service of Auxier. Kentucky Frontier anticipates that Auxier's current rates will remain in effect until consolidated with the other gas utilities under its ownership and control. It has stated its intention to establish a single Gas Cost Recovery methodology for all the gas utilities under its ownership and control at a later date.

10. Kentucky Frontier's management has extensive experience in the operation and management of gas pipeline and distribution systems.

11. The proposed debt and equity financing for the purchase of Auxier stock is for lawful objects within the corporate purposes of Kentucky Frontier, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

#### CONCLUSIONS OF LAW

Based upon the above findings of fact, the Commission makes the following conclusions of law:

1. Auxier and Kentucky Frontier are utilities subject to Commission jurisdiction.<sup>6</sup>

2. Both Kentucky Frontier and Auxier are “persons” for purposes of KRS Chapter 278.<sup>7</sup>

3. KRS 278.020(5) provides that “[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission . . . without prior approval by the commission.” As Kentucky Frontier is a person and proposes to acquire ownership of Auxier, this statute is applicable to and requires Commission approval of the proposed transfer.

4. KRS 278.020(6) provides that “[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an ‘acquirer’), whether or not organized under the laws of this state, shall acquire

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<sup>6</sup> KRS 278.010(3)(b).

<sup>7</sup> KRS 278.010(2).

control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission.”

5. KRS 278.300 provides that no utility shall issue or incur an evidence of indebtedness until it has been authorized to do so by the Commission.

6. Kentucky Frontier has the financial, technical, and managerial abilities to provide reasonable service to the present customers of Auxier.

7. The proposed transfer of stock is in accordance with law, for a proper purpose, and consistent with the public interest.

8. The financing proposed by Kentucky Frontier should be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky Frontier's proposed acquisition of Auxier stock is approved.

2. Commission authorization of the proposed acquisition of the stock of Auxier is effective for one year from the date of this Order and shall lapse if the acquisition is not completed within this time period.

3. Within 10 days of completion of the transfer of stock as approved, Kentucky Frontier shall notify the Commission in writing of the completion thereof.

4. Within 20 days of the completion of the proposed transfer, Kentucky Frontier shall file the journal entries it proposes to record the approved acquisition. The acquisition shall be recorded in accordance with the Uniform System of Accounts.

5. Nothing in this Order shall be construed as authorizing rate-making treatment for the recovery through rates of any cost or expense in excess of book value associated with the proposed acquisition of control of Auxier. The issue of rate recovery is deferred until a future rate case proceeding.



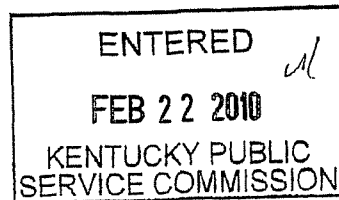
6. Kentucky Frontier is authorized to borrow \$1,746,400 at an interest rate equivalent to the WSJ prime rate plus one percent APR, with a floor of six percent over 15 years, subject to the provisions and terms contained within its application.

7. The proceeds from the transaction authorized herein shall be used only for the lawful purposes set out in the application.

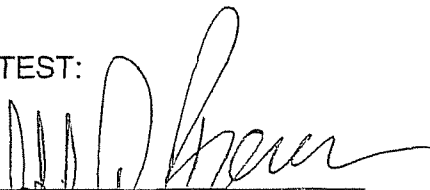
8. Kentucky Frontier shall be required to seek Commission approval of any future acquisition of gas utility assets and for the financing of those assets.

9. Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

RECEIVED

FEB 22 2010

PUBLIC SERVICE  
COMMISSION

FILED

FEB 22 2010

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY FRONTIER GAS )  
COMPANY, LLC FOR APPROVAL OF TRANSFER )  
OF STOCK OF COW CREEK GAS, INC., DEMA GAS )  
COMPANY, INC., PURCHASE OF FARM TAP AND )  
ROYALTY GAS CUSTOMERS OF INTERSTATE )  
NATURAL GAS COMPANY AND TRANSFER )  
OF A PORTION OF DLR ENTERPRISES, INC. )  
PIPELINE TO COW CREEK GAS, INC. )

CASE NO.  
2010-0076

**PETITION FOR TRANSFER OF STOCK AND PIPELINE  
FACILITIES; PURCHASE OF FARM TAP CUSTOMERS; AND  
APPROVAL OF FINANCING**

Kentucky Frontier Gas Company, LLC (Frontier), by counsel, petitions for an order approving the transfer of stock of Cow Creek Gas, Inc., Dema Gas Company, Inc., the purchase of the farm tap and royalty gas customers of Interstate Natural Gas Company and the purchase of a portion of pipeline from DLR Enterprises, pursuant to KRS 278.020(5). This petition also requests approval of financing of the acquisitions pursuant to KRS 278.300.

In support of its petition the following information is provided.

1. The companies involved in the transactions for which approval is sought are:

a. Cow Creek Gas Inc., which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is regulated by the Commission.

b. Dema Gas, Company, Inc. which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is regulated by the

Commission.

c. DLR Enterprises, Inc. which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is not a regulated company pursuant to the order in Case No. 2007-00419 dated November 21, 2007.

d. Interstate Natural Gas Company which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is regulated by the Commission as a farm tap gas utility.

e. Industrial Gas Services, Inc. which is a Colorado corporation with a mailing address of 4891 Independence St., Wheat Ridge CO 80033. It is a related company to Kentucky Frontier Gas, LLC. It is not regulated by the PSC.

f. Kentucky Frontier Gas, LLC is a Colorado company authorized to do business in Kentucky. Its address is 4891 Independence St., Wheat Ridge CO 80033. Managing partners are Robert Oxford and Steven Shute. A copy of its articles organization and its certificate to operate in Kentucky were filed in Case No. 2008-00394. It owns and operates East Kentucky Gas (Floyd County Gas), Belfry Gas, Alert Gas Farm Tap System, and Mike Little Gas Company pursuant to the order in Case No. 2008-00394 issued on November 25, 2008. An application for the transfer of stock of Auxier Road Gas Company to Frontier is pending with the Commission - Case No. 2009-00442.

2. Frontier seeks approval of a series of acquisitions that will result in the consolidation of several natural gas operations into a unified system that closely resembles the former Sigma Gas Company that operated in and adjacent to Salyersville, KY.

3. Frontier proposes to acquire the stock of Cow Creek Gas, Inc. An agreement for sale is attached as exhibit 1. The purchase price of the stock is \$320,000. PSC approval of this acquisition is required by KRS 278.020.

4. Frontier proposes that Cow Creek Gas/Frontier acquire approximately

32.6 miles of pipeline owned by DLR Enterprises. These segments of pipeline were once part of the Sigma Gas system and will become part of the Cow Creek Gas system. The remaining 10.1 miles of DLR pipeline will be retained by DLR. All gas users currently on the DLR system are considered Cow Creek customers, and will remain as such. The consideration for this acquisition is \$230,000. The agreement for sale is attached as exhibit 2. This agreement is contingent on all other transactions being approved, so the agreement will not be executed until closing of the related transactions and payment of funds. This is a regulated transaction that requires PSC approval.

5. Frontier proposes to acquire the stock of Dema Gas Company, Inc. An agreement for sale is attached as exhibit 3. The consideration of this acquisition is the related purchase of Cow Creek. No additional consideration is being paid for Dema. PSC approval of this acquisition is required by KRS 278.020.

6. Frontier proposes to acquire from Interstate Natural Gas Company its farm tap customers. There is no additional consideration paid by Frontier to Interstate for this transaction. This is a regulated transaction that requires PSC approval. The agreement for sale is attached as exhibit 4.

7. Industrial Gas Services, Inc. proposes to purchase the stock of DLR Enterprises, Inc. Both of these companies are unregulated and PSC approval of this transaction is not required, but it is an integral part of the consolidation of the former Sigma system. No approval of this transaction is being sought. The agreement for sale is attached as exhibit 5.

8. Upon transfer of these facilities, Frontier will own the stock of Cow Creek and Dema, and the farm tap customers of Interstate Natural Gas Company. Cow Creek will restore 32.6 miles of gas pipeline segments that were formerly part of the Sigma system and now held by DLR. The systems involved in the transactions are shown on the maps attached as exhibit 6, which are also provided on two disks.

The total consideration for these acquisitions is \$550,000, which has been secured through a loan from Community Trust Bank of Pikeville, KY.

9. A copy of the financing agreement from the CTB is attached as exhibit 7. This is the same financing that will be used to acquire Auxier Road Gas Company stock.

10. Pursuant to KRS 278.020, Frontier requests authorization to transfer the stock and customers of the target companies to Frontier.

11. The transfer will have no effect on the ability of Frontier or the acquired companies to continue to operate or finance the operations of their natural gas service in Kentucky. Frontier's present office and field personnel will operate the facilities of the companies, with the addition of one field employee. Frontier has adequate gas supply agreements to continue to purchase gas and to assure continued adequate supply. The transfers will have no impact on the current financial, managerial or technical ability of any of the companies to operate. Frontier's operating procedures, personnel and management qualifications were included in Case No. 2008-00394 and are incorporated by reference.

12. No rate change is being requested at this time. Frontier proposes to adopt the currently approved General Rates and tariffs of the acquired companies. Frontier anticipates these rates will stay in effect until the companies are consolidated with its other gas utilities. Adoption notices are attached as exhibit 8.

13. Frontier has the technical, managerial and financial ability to operate the target companies as reflected in its current Kentucky gas operations. Its current financial activities are reflected on the attached Complex Loan Presentation, which was submitted to Community Trust Bank as part of the loan application, exhibit 7 and its current financial operating statements attached as exhibit 9.

14. The transfer of the stock and customers is in accord with law, is in the public interest and is for a proper purpose.

15. Kentucky Frontier's debt to acquire the companies has been secured through a commercial bank loan with Community Trust Bank of Pikeville, KY. The terms are expected to be \$550,000 at WSJ prime plus 1% APR with a floor of 6% APR, amortized over 15 years. The allocation of debt to equity for the acquisition of the stock will be 80/20% debt/equity. See exhibit 7. Approval of this financing is required by KRS 278.300.

16. The proceeds of the financing will be used to acquire stock, facilities and customers reflected in the agreements.

17. The proceeds of the financing are not being used to refund any outstanding obligations.

18. Kentucky Frontier's business plan is generally reflected in the loan statements, description of proposed operations and other information provided in exhibit 7.

19. A description of the original cost of the property to be acquired by Frontier can be found in the PSC Annual Reports, which are incorporated by reference. The cost to Kentucky Frontier of the property is described above.

20. Kentucky Frontier is an LLC and has no stock.

21. No stock is to be issued in conjunction with this financing.

22. The other debt to be issued and debt outstanding, amount, interest rate and security are described in exhibit 7.

23. The proceeds of the financing are not being used to refund any outstanding obligations.

24. There is no preferred stock issued.

25. There are no mortgages.

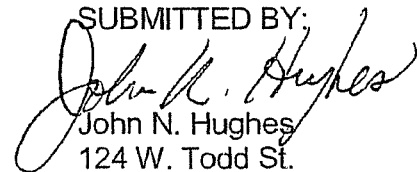
26. There are no bonds issued or to be issued by Kentucky Frontier.

27. Notes are described in exhibit 7.
28. There are no other debts.
29. No dividends have been paid by Kentucky Frontier in the last five years.
30. A balance sheet and income statement is attached as exhibit 9.
31. USoA accounts and journal entries will be provided after closing.

Frontier has the financial, technical and managerial ability to continue to operate these facilities. It is in the public interest for this transfer of stock, customers and facilities and related financing to be approved.

For these reasons, Frontier requests that the transfer be approved pursuant to KRS 278.020 and the financing be approved pursuant to KRS 278.300.

SUBMITTED BY:



John N. Hughes  
124 W. Todd St.  
Frankfort, KY 40601  
502-227-7270

Attorney for  
Applicant

10:48 AM  
 03/15/12  
 Accrual Basis

Kentucky Frontier Gas, LLC  
**Profit & Loss**  
 January through December 2011

	Jan - Dec 11
<b>Income</b>	
418.1 · Equity in earnings of subsid co	351,941.57
419.1 · ALLOW FUNDS USED FOR CONSTR	18,228.00
421 · Misc Nonoperating Income	1,800.00
480 · Residential Sales	1,102,269.36
481 · Commercial & Industrial Sales	234,245.03
482 · Commercial Tax Exempt	147,312.79
487 · Penalties & Forfeited Discounts	24,707.47
488 · Miscellaneous Service Revenues	
488.4 · Service Charges	75.00
488 · Miscellaneous Service Revenues - Other	25.00
<b>Total 488 · Miscellaneous Service Revenues</b>	<b>100.00</b>
488.5 · BTU Contract	123,037.99
489 · Sales Tax Commission	119.13
<b>Total Income</b>	<b>2,003,761.34</b>
<b>Cost of Goods Sold</b>	
800 · Gas Supply Expenses	
804 · Natural Gas Purchases & Transp	798,300.59
<b>Total 800 · Gas Supply Expenses</b>	<b>798,300.59</b>
<b>Total COGS</b>	<b>798,300.59</b>
<b>Gross Profit</b>	<b>1,205,460.75</b>
<b>Expense</b>	
408 · Taxes Other Than Income Taxes	
408.1 · Payroll Taxes Expenses	17,411.63
408.3 · Property Tax	-1,366.31
408.4 · Annual PSC Assessment	7,682.02
408 · Taxes Other Than Income Taxes - Other	175.00
<b>Total 408 · Taxes Other Than Income Taxes</b>	<b>23,902.34</b>
409 · Income Taxes	
409.3 · Other State Income Taxes	1,257.61
<b>Total 409 · Income Taxes</b>	<b>1,257.61</b>
427 · Interest on Long-Term Debt	42,060.45
431 · Other Interest Expense	435.22
768 · CONTRACT LABOR	226.00
870 · DISTRIBUTION EXPENSES	
871 · DISTRIBUTION OPERATION	
872 · Comp Station Labor & Exp	636.00
874 · Mains & Services Expenses	47,752.71
878 · Meter & House Regulator Exp	17,761.19
879 · Customer Installations Exp	50.00
880 · Other Expenses	
880.1 · DOT Physicals	370.00
880.2 · Travel for Tech Training	1,438.23
880.3 · Drug Testing	368.00
880.4 · Licenses & Permits	1,173.89
880.5 · Travel for Members	
Meals	13.68
880.5 · Travel for Members - Other	15,432.25
<b>Total 880.5 · Travel for Members</b>	<b>15,445.93</b>
880.6 · Training	6,599.58
880.8 · EASEMENTS	721.03
<b>Total 880 · Other Expenses</b>	<b>26,116.66</b>
<b>Total 871 · DISTRIBUTION OPERATION</b>	<b>92,316.56</b>
884 · DISTRIBUTION MAINTENANCE	
887 · Maintenance of Mains	33,630.94
892 · Maintenance of Services	33,189.16
893 · Maint of Meters & House Reg	530.72



10:48 AM  
 03/15/12  
 Accrual Basis

**Kentucky Frontier Gas, LLC**  
**Profit & Loss**  
 January through December 2011

	Jan - Dec 11
<b>Total 884 · DISTRIBUTION MAINTENANCE</b>	<b>67,350.82</b>
<b>Total 870 · DISTRIBUTION EXPENSES</b>	<b>159,667.38</b>
<b>900 · CUSTOMER ACCOUNTS EXPENSES</b>	
<b>900.1 · CUSTOMER ACCT OPERATION</b>	
902 · Meter Reading Exp	27,061.72
903 · Customer Records & Collec Exp	38,523.61
905 · Misc Customer Accounts Exp	
905.1 · Travel for Customer Accounts	403.11
905.2 · Postage and Delivery	11,025.93
905.3 · Printing and Reproduction	42.96
<b>Total 905 · Misc Customer Accounts Exp</b>	<b>11,472.00</b>
<b>Total 900.1 · CUSTOMER ACCT OPERATION</b>	<b>77,057.33</b>
<b>900 · CUSTOMER ACCOUNTS EXPENSES - Other</b>	<b>336.86</b>
<b>Total 900 · CUSTOMER ACCOUNTS EXPENSES</b>	<b>77,394.19</b>
<b>906 · CUSTOMER SERVICE &amp; INFORMATION</b>	
<b>906.1 · C S &amp; I OPERATION</b>	
907 · Supervision	13,050.02
909 · Inform & Instruc Advert Exp	
909.1 · Web Support	1,289.60
909.2 · PUBLIC AWARENESS EXPENSE	387.25
<b>Total 909 · Inform &amp; Instruc Advert Exp</b>	<b>1,676.85</b>
910 · Misc Cust Serv & Infor Exp	976.51
906.1 · C S & I OPERATION - Other	-330.00
<b>Total 906.1 · C S &amp; I OPERATION</b>	<b>15,373.38</b>
<b>Total 906 · CUSTOMER SERVICE &amp; INFORMATION</b>	<b>15,373.38</b>
<b>918 · ADMINISTRATIVE &amp; GENERAL EXP</b>	
<b>919 · ADMIN &amp; GEN OPERATION</b>	
<b>920 · Admin &amp; General Salaries</b>	
920.1 · Gen Admin Salaries - Leave, etc	94,745.85
920.2 · Payroll Administration Expenses	4,129.64
920 · Admin & General Salaries - Other	-3,525.60
<b>Total 920 · Admin &amp; General Salaries</b>	<b>95,349.89</b>
<b>921 · Office Supplies and Expenses</b>	
921.1 · Office Equipment	1,486.95
921.2 · Office Supplies	4,757.44
921.3 · Bank Service Charges	2,819.22
921.4 · Computer Software	2,482.73
921.5 · Cleaning/Janitorial	1,718.00
921.7 · Dues and Subscriptions	1,540.31
921.8 · Telephone and Fax	5,752.85
921.9 · Utilities	10,395.29
921 · Office Supplies and Expenses - Other	3,516.88
<b>Total 921 · Office Supplies and Expenses</b>	<b>34,469.67</b>
<b>923 · Outside Services Employed</b>	
923.1 · Outside Services - Manager	39,430.50
923.2 · Outside Services - Accounting	26,200.55
923.3 · Outside Services - Engineering	5.60
923.4 · Outside Services - Legal	7,991.34
923 · Outside Services Employed - Other	334.25
<b>Total 923 · Outside Services Employed</b>	<b>73,962.24</b>
<b>924 · Insurance</b>	
924.1 · Auto Insurance	4,886.73
924.2 · General Liability Insurance	4,589.40
924.3 · Life Insurance	1,362.91
924.4 · Property Insurance	611.34
924.5 · Worker's Compensation	5,443.95

10:48 AM  
 03/15/12  
 Accrual Basis

**Kentucky Frontier Gas, LLC**  
**Profit & Loss**  
 January through December 2011

	Jan - Dec 11
924.6 · Health Insurance	13,236.08
Total 924 · Insurance	30,130.41
927 · Franchise Requirements	28.28
928 · Regulatory Commission Expenses	9,425.00
930.2 · Miscellaneous General Expenses	
930.21 · Reconciliation Discrepancies	0.02
930.2 · Miscellaneous General Expenses - Other	1,268.53
Total 930.2 · Miscellaneous General Expenses	1,268.55
931 · Rents	18,084.00
Total 919 · ADMIN & GEN OPERATION	262,718.04
Total 918 · ADMINISTRATIVE & GENERAL EXP	262,718.04
932 · MAINTENANCE OF GENERAL PLANT	
932.0 · Maint of General Plant - Garage	2,256.34
932.1 · Repairs	
Building Repairs	282.00
Computer Repairs	1,143.18
Equipment Repairs	
Transportation Equipment	2,701.73
Total Equipment Repairs	2,701.73
932.1 · Repairs - Other	12,586.39
Total 932.1 · Repairs	16,713.30
932.3 · Tools & Equipment	398.27
932.4 · Transportaion Equipment Fuel	37,140.36
932 · MAINTENANCE OF GENERAL PLANT - Other	8.27
Total 932 · MAINTENANCE OF GENERAL PLANT	56,516.54
981 · Interest Expense-Meter Deposit	395.58
Total Expense	639,946.73
Net Income	565,514.02

Auxier Road Gas Co., Inc.  
BALANCE SHEET  
JUNE 30, 2009

ASSETS

Current assets			
Cash	122,165.99		
Customer Accounts Rec.	66,535.44		
Total current assets		\$	188,701.43
Fixed assets			
Plant & Equipment	1,242,951.44		
Accum. Depreciation	(794,567.48)		
Total fixed assets			448,383.96
Other assets			
TOTAL ASSETS		\$	<u>637,085.39</u>

LIABILITIES AND CAPITAL

Current liabilities			
Notes Payable	99,703.89		
Accounts Payable	38,797.55		
Customer Deposits	39,969.52		
Accrued Interest	(7.50)		
Accrued Taxes	1,092.85		
Accrued Employee Benefits	3,330.00		
Accrued Salaries	61,300.00		
Total current liabilities		\$	244,186.31
Long term liabilities			
Total long			
Other liabilities			
Total other			
Total liabilities		\$	244,186.31
Capital			
Common Stock	20,000.00		
Other Paid-In Capital	2,035.00		
Retained Earnings	472,366.96		
Current Earnings	(101,502.88)		
Total capital			392,899.08
TOTAL LIABILITIES AND CAPITAL		\$	<u>637,085.39</u>

## EXHIBIT B

**COW CREEK GAS, INC.**  
**Balance Sheet**  
**November 30, 2009**

### ASSETS

#### Current Assets:

Cash	\$	12,710
Accounts Receivable		38,804
Prepaid Insurance		<u>3,476</u>

Total Current Assets 54,991

#### Fixed Assets:

Shop Building		15,876
Meters		106,463
House Regulators		33,833
Mains		759,707
Less: Accumulated Depreciation		<u>(495,727)</u>

Total Fixed Assets 420,153

TOTAL ASSETS \$ 475,143

### LIABILITIES

Accounts Payable	\$	195,202
Interest Payable		1,588
Customer Deposits		10,337
Loans from Shareholders		8,000
Notes Payable-CNB 25763		<u>319,909</u>

Total Liabilities 535,037

### STOCKHOLDERS' EQUITY (DEFICIT)

Capital Stock		1,000
Retained Earnings (DEFICIT)		<u>(60,894)</u>

Total Stockholders' Equity (DEFICIT) (59,894)

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT) \$ 475,143

## EXHIBIT B

DLR Enterprises, Inc.  
Balance Sheet  
November 30, 2009

### ASSETS

#### Current Assets:

Cash & Marketable Securities	\$ 4,110
Accounts Receivable	<u>307,214</u>
Total Current Assets	311,324

#### Fixed Assets:

Equipment	2,850
Well & Lease Equipment	2,400
Rights of Way	3,700
Compressors	35,200
Meters	2,400
Mains	490,965
Less Accumulated Depreciation	<u>(103,630)</u>
Net Fixed Assets	433,885

#### Other Assets:

Other Long Term Assets	<u>50,000</u>
Total Other Assets	<u>50,000</u>

**TOTAL ASSETS** **\$ 795,208**

### LIABILITIES

#### Current Liabilities:

Accounts Payable	\$ 72,413
Current Portion of Notes Payable	<u>45,961</u>
Total Current Liabilities	118,374

#### Long Term Liabilities:

Notes Payable - Citizen National Bank	483,867
Less Current Portion of Notes Payable	(45,961)
Loans From Shareholders	<u>122,550</u>
Total Long Term Liabilities	<u>560,456</u>

**TOTAL LIABILITIES** **\$ 678,830**

### EQUITY (DEFICIT)

Common Stock	2,000
Retained Earnings (Deficit)	(32,954)
Plus Current Year Earnings	<u>147,333</u>
<b>TOTAL EQUITY (DEFICIT)</b>	<b><u>116,378</u></b>

**TOTAL LIABILITIES & EQUITY (DEFICIT)** **\$ 795,208**

The Licking Valley Courier  
West Liberty, Ky.  
Telephone (606) 743-3551

The Wolfe County News  
Campton, Ky.  
Telephone (606) 668-3595

The Elliott County News  
Sandy Hook, Ky.  
Telephone (606) 738-5574

# THE COURIER PUBLISHING CO.

EARL W. KINNER, PUBLISHER AND MANAGER  
WEST LIBERTY, KY.

## Affidavit

I, Earl Kinner, Editor of The Licking Valley Courier, newspaper published in West Liberty, Kentucky, and having the largest general circulation of any newspaper in Morgan County, Kentucky, do hereby certify that from my own knowledge and a check of the files of this newspaper that the advertisement of

Public Hearing / Case No. 2011-00443

was inserted in The Licking Valley Courier

on Thursday, Jan. 31, 2013.

Earl W Kinner

Subscribed and sworn to before me, a Notary Public, by Earl Kinner this 4<sup>th</sup> day of February, 2013.

Gregory Neil Kinner  
Notary Public

November 12, 2016  
My Commission Expires

**PUBLIC NOTICE**

The Kentucky Public Service Commission will hold a public hearing on February 14, 2013, 10:00 a.m. e.s.t. in hearing room 1 at its office 211 Sower Blvd, Frankfort, KY for the purpose of receiving evidence, cross examination of witnesses and other matters related to Case No. 2011-00443, Application of Kentucky Frontier Gas, LLC for approval of Consolidation of And Adjustment of Rates, Approval of AMR Equipment and A Certificate of Convenience And Necessity For Installation of AMR, Pipeline Replacement Program, Revision of Non-Recurring Fees and Revision of Tariffs.

C-1-31-1t

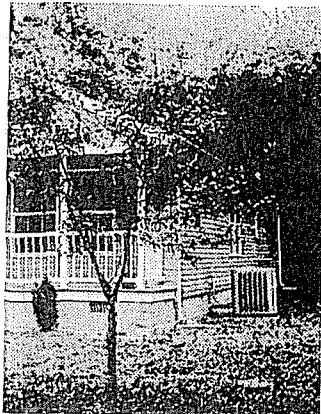
**NOTICE OF BOND RELEASE**

In accordance with KRS 350.093, notice is hereby given that Mine Rite Coal Co., Inc., 190 Ky. Route 689 East, Flat Gap, KY 41219 has applied for a Phase I, II & III Bond Release on permit #888-0079 increments 1, 2, 9, 13, 15 and 17 which was last issued on 2-07-2012. The application covers an area of approximately 805.49 acres located approximately 0.8 miles north of Relief Johnson County.

The permit area is approximately 0.85 miles northwest from the junction of KY 172 and the Fyffe Branch Road, and is located on both sides of the upper reach of Fyffe Branch.

The Bonds now in effect for the increments 1-\$10,000.00, 2-\$4,800.00, 9-\$23,000.00, 13-\$70,100.00, 15-\$5,700.00 and

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C-12-13-1T

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C-12-13-TF

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\$7.00 For Adults • Children Under 3 Are Always FREE!

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**Bullet to The Head**

R • 91 mins

1:15, 4:30, 7:20, 10:00

**Hansel & Gretel: Witch Hunters**

R • 88 mins

1:35, 7:40

**Hansel & Gretel: Witch Hunters 3D**

R • 88 mins

4:20, 9:55

**Movie 43**

R • 95 mins

1:25, 4:45, 7:30, 10:00

**Silver Linings Playbook**

R • 122 mins

1:00, 4:00, 7:00, 9:55

**Warm Bodies**

PG 13 • 97 mins

1:05, 4:10, 7:10, 9:50

**Zero Dark Thirty**

R • 157 mins

2:00, 6:00, 9:20

C-1-31-1T

**AFFIDAVIT OF PUBLICATION**

I, Roger Smith, Publisher of The Mountain Citizen, a newspaper published in **Inez, Kentucky**, and having the largest circulation of any newspaper in **Martin County, Kentucky**, do hereby certify, from my own knowledge and a check of the files of this newspaper, that the advertisement of PUBLIC NOTICE for KENTUCKY PUBLIC SERVICE COMMISSION was inserted in The Mountain Citizen on the following dates:

DATE: 01-30-13 PAGE NO: 4B COLUMN NO: 2  
DATE: \_\_\_\_\_ PAGE NO: \_\_\_\_\_ COLUMN NO: \_\_\_\_\_  
DATE: \_\_\_\_\_ PAGE NO: \_\_\_\_\_ COLUMN NO: \_\_\_\_\_  
DATE: \_\_\_\_\_ PAGE NO: \_\_\_\_\_ COLUMN NO: \_\_\_\_\_  
DATE: \_\_\_\_\_ PAGE NO: \_\_\_\_\_ COLUMN NO: \_\_\_\_\_  
DATE: \_\_\_\_\_ PAGE NO: \_\_\_\_\_ COLUMN NO: \_\_\_\_\_

  
\_\_\_\_\_  
ROGER SMITH, PUBLISHER

STATE OF KENTUCKY  
COUNTY OF MARTIN

SUBSCRIBED, SWORN TO and ACKNOWLEDGED before me by ROGER SMITH,  
Publisher, this 30TH day of JANUARY, 2013.

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: APRIL 15, 2016. ID #: 464015.



# LEGAL

# NOTICE

*If it's not in the newspaper,  
how will you know?*



Zoning changes in y  
neighborhood. A propos  
increase your property ta  
Information on how pub  
officials are spending yo  
tax dollars. These are jus  
few of the topics — topi  
that affect your commu

highest and best bidder on Tuesday, February 12, 2013, at 10:00 o'clock a.m., upon the terms set forth following the description, the following described properties, to wit:

That certain tract or parcel of land lying on the Middlefork Creek, a tributary of Rockcastle Creek in Martin County, Kentucky and more particularly described as follows:

BEGINNING at a set stone on a division fence at the creek thence a straight line up the hill between the home of Nathan Cline and Marvin Cline to a rock marked X on the point thence with the point to G.A. Cline's line; thence with G.A. Cline's line to Samuel Davis line; thence with Samuel Davis line down the hill to the creek; thence to the center of the creek; thence with the meanders of the creek down to opposite the beginning thence to the beginning, so as to

## PUBLIC NOTICE

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5b

## PUBLIC NOTICE

The following cases will come

Section of the KDOW. This general permit will require you to create an implement an erosion control plan for the project.

OWNER: Roger and Gina Patrick  
MAILING ADDRESS: P.O. Box 1651, Inez, KY 41224  
TELEPHONE# 606-298-0625  
E-MAIL: Patr728@yaHoo.com

DESCRIPTION OF CONSTRUCTION: The water has washed out the bank from our property and is washing our bank out. It has already washed out over 10 foot out and 48 foot long. Now it has started to wash out tree stump and we had to remove the pool and deck. We would like to replace the bank that has washed out. We will put rock on the bank and dirt on top. All we want to do is replace what was washed out.

COUNTY: Martin NEAREST COMMUNITY: Tomahawk  
STREAM NAME: Rockhouse  
WATERSHED SIZE: 10.00

**RATES**  
20 words or less  
\$8.00 a week  
2-bedroom apartment  
for rent at Jeremiah.  
\$400/month, first and  
last month's rent, \$150  
security up front. Num-  
ber to call: 606-637-  
3997. (1-23-ufnb)


**We Accept:**  
 AMERICAN EXPRESS  
- zone 3. \$59,900.  
Delivered and set up.  
Free A/C and skirting.  
dreamhomeshazard.  
com. (606) 487-0323.  
(1-16-4b)

**Black Mountain Properties**  
Now Offering Property Maintenance  
cleanups, organizing, repairs,  
showings, move in/out,  
construction repairs.  
Back ground, reference checks,  
accounts payables, receivables.  
blackmntpropapts@gmail.com  
606-634-5766  
A Handy Randy / team recovery network

**Mountain Breeze Apartments**  
Is now accepting applications  
1, 2 & 3 bedroom apartments.  
We will not tolerate drugs!  
For more information call  
**832-4434**  
Monday - Friday  
7:30-4:30  
 

**Mountain Pride Apartments**  
Is Now Accepting Applications

# CLASSIC NOTICES

**FO**  
  
Estate of Robert  
bell, deceased,  
this county, and  
sons having claims  
said Estate shall  
same, verified  
ing to law, to said  
rix, at her present  
ss, 3630 HWY 7  
Blackey, KY 41804,  
er than the 16th day  
2013.  
et S. Nichols, Clerk  
er Circuit/District  
rah Miller, D.C.  
(p)

**2005 H**  
Good co  
Kentucky  
her District Court  
se No. 13-P-009

For mc  
of  
ate of  
N ADAMS  
rases Branch  
er, KY 41832  
sed

**Fultz S**  
**Will B**  
**AU**  
**On**  
**At The**  
**Mayki**  
**Cumberland**

pursuant to KRS 424.340,  
notice is hereby given  
that Elaina Thomas was,  
on the 23rd day of Janu-  
ary, 2013, appointed Ex-  
ecutrix of the Estate of  
Larry Wayne Thomas,  
deceased, late of this  
county, and all persons  
having claims against said  
Estate shall present same,  
verified according to law,  
to said Executrix, at her  
present address, 87 Sea-  
board Dr., Whitesburg,  
KY 41858, not later than  
the 23rd day of July, 2013.  
Margaret S. Nichols, Clerk  
Letcher Circuit/District  
Court  
By: Sarah Miller, D.C.  
(1-30-1p)

**NOTICE**  
Commonwealth of  
Kentucky  
Letcher District Court  
Case No. 13-P-013

In the  
matter of  
the estate of  
VAN BLAIR  
123 Black Bottom Rd.  
Jeremiah, KY 41826  
deceased

**NOTICE**  
Pursuant to KRS 424.340,  
notice is hereby given that  
Elvenia Blair was, on the  
2rd day of January, 2013,  
appointed Executrix of the  
Estate of Van Blair, de-  
ceased, late of this county,  
and all persons having  
claims against said Estate  
shall present same, veri-

Proposal for Aging Ser-  
vices." The Kentucky River  
Area Agency on Aging  
reserves the right to ac-  
cept or reject any or all  
proposals.  
(1-30-2b)

**PUBLIC NOTICE**  
The Kentucky Public Ser-  
vice Commission will hold  
a public hearing on Febru-  
ary 14, 2013, 10:00 a.m.,  
.e.s.t. in hearing room 1  
at its office, 211 Sower  
Blvd., Frankfort, KY for  
the purpose of receiving  
evidence, cross exami-  
nation of witnesses and  
other matters related to  
Case No. 2011-00443,  
Application of Kentucky  
Frontier Gas, LLC For  
Approval of Consolida-  
tion of And Adjustment of  
Rates, Approval of AMR  
Equipment and a Certifi-  
cate Of Convenience and  
Necessity for Installation  
of AMR, Pipeline Replace-  
ment Program, Revision of  
Non-Recurring Fees and  
Revision of Tariffs.  
(1-30-1b)

**NOTICE**  
To: Unknown Spouse of  
Lisa King  
This is to inform you that  
an action has been filed  
against you in Letcher  
Circuit Court Civil Action  
No. 2013-CI-00023. It was  
filed on January 17, 2013.  
I have been appointed to  
inform you of the action.

Steve, 743-3600.

**INSIDE WATER BOILER FINANCES** — Call 859-771-1111 or 606-668-7151.

**WOOD FURNITURE RESTORATION** — Turn your old furniture into family heirlooms. 738-4809.

**MOBILE HOME SALE** — New financing Program available! Your or family land \$zero down and key housing available with improvement packages. Call reply 866-597-2083.

**MOBILE HOMES** — Clayton Homes of Grayson will double tax return to help you purchase your new home. Call today for details. Some restrictions may apply. CALL (606) 474-2083

**CORN FOR SALE** — Call 5492.

**RENT** — 2- and 3-bedroom trailers in Southfork Trailer Park. 725-4723 for information.

**NOTED** — Want to buy stand-timber. Will pay top dollar. firewood for sale. Call Brent

planting, between March 1 and May 31, with enclosed planting instructions. The 6- to 12-inch trees are guaranteed to grow, or they will be replaced free of charge.

To become a member of the Foundation and receive the free trees, send a \$10 contribution to Ten Free Colorado Blue Spruce Trees, Arbor Day Foundation, 100 Arbor Avenue, Nebraska City, NE 68410, by February 28, 2013, or visit arborday.org/february.

**519 Gun & Pawn**

WE BUY GOLD

OPEN 6 DAYS A WEEK  
M-F 9-5 Sat. 9-2

**CASH CASH CASH**

Instant CASH LOANS - Gold, Silver, Platinum, Jewelry or Coins, TV's, Guns, Knives, Guitars and other items.

**CASKEY'S PAWN SHOP**

sets forth the reasons why such Statement is not required. This Environmental Review Record is on file at the above address and is available for public examination and copying, upon request, at the Morgan County Judge-Executive's Office, located at 450 Prestonsburg Street, West Liberty, KY 41472 on Mondays, Tuesdays, Thursdays and Fridays between the hours of 7:30 a.m. and 4:00 p.m. and on Wednesdays between the hours of 7:30 a.m. and 1:30 p.m.

No further environmental review of such project is proposed to be conducted prior to the request for release of federal funds.

All interested agencies, groups, and persons disagreeing with this decision are invited to submit written comments for consideration by the Morgan County Fiscal Court to the office of the Judge-Executive. Such written comments should be received at the Morgan County Judge-Executives Office, 450 Prestonsburg Street, West Liberty, KY 41472 on or before February 16, 2013. All such comments so received will be considered and the Morgan County Fiscal Court will not request the release of Federal funds or take any administrative action on the within project prior to the date specified on the proceeding sentence.

(Pub. Jan. 24, 31, Feb. 7)

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C-1-31-11

**NOTICE OF BOND RELEASE**

In accordance with KRS 350.093, notice is hereby given that Mine Rite Coal Co., Inc., 190 Ky. Route 689 East, Flat Gap, KY 41219 has applied for a Phase I, II & III Bond Release on permit #888-0079 increments 1, 2, 9, 13, 15 and 17 which was last issued on 2-07-2012. The application covers an area of approximately 805.49 acres located approximately 0.8 miles north of Relief

**New model especially for mobile homes and small houses.**

*Starting Price*

**\$3,450**

(Twenty-year warranty)

**WE INSTALL!**

**Roy Lumpkins (859) 771-1182**

C-1-31-2T

**Farmers Home Mutual Insurance Association Of Fleming Co.**

Fire & Wind Coverage  
Liability For Home & Farm  
Mobile Home Coverage

**NEW REDUCED RATE ON NEW SINGLE AND DOUBLEWIDE TRAILERS**

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Gordon Donahue

**WILLIAMS & SON EXCAVATING**

**Dozer Or Excavating Work Also Gravel Or Dirt Hauling**

Contact:

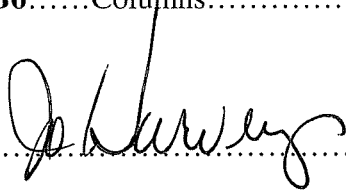
**PAUL OR DANIEL**


**WILLIAMS AT: (606) 522-3055**

# NEWSPAPER AFFIDAVIT

I, Jo Harvey, Secretary of *The Salyersville Independent*, published at Salyersville, Kentucky, and having the largest general circulation of any newspaper in Magoffin County, Kentucky, do hereby certify that from my own knowledge and a check of the files of this newspaper that the advertisement of **Public Notice** ran in *The Salyersville Independent* on the following dates:

Date..... **January 24, 2013**.....Page **B6**.....Columns.....**7-9**

Signature..........

Subscribed and sworn to before me by ..........

this **24<sup>th</sup>** day of **January** 2013..

Notary Public..........

My Commission Expires.....**1-17-16**.....

# CLASSIFIED ADS

Salyersville Independent does not knowingly accept false or misleading advertising. Ads that request or require advanced payment of services or products should be scrutinized carefully. Please check your ad for accuracy the first time it appears. The Salyersville Independent is only responsible for one incorrect insertion.

## PLACE AN AD

For ad rates call 606-349-2915

## DEADLINE

Friday 3 p.m.

## OFFICE HOURS

Monday - Friday 8:30 a.m. - 5 p.m.

45% of Kentucky job seekers look in the newspaper for job openings.

40% look on the Internet.

So if you're looking for a job... or you've got a job opening to tell people about...doesn't it make sense for both of you to meet

### PUBLIC NOTICE

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APPALACHIAN  
**NEWS-EXPRESS**

THE CONCERN OF EASTERN KENTUCKY

P.O. Box 802, 129 Caroline Ave., Pikeville, KY 41501 PHONE:(606)437-4054 FAX:(606)437-4246

**NEWSPAPER AFFIDAVIT**

APPLICATION NO: Case no. 2011-00443

I, **DEBORAH CHAMBERS, Legals Manager** of the  
**Appalachian News-Express** newspaper, published at Pikeville,  
Kentucky and having the largest general circulation of any  
newspaper in Pike County, Kentucky do hereby certify that from  
my own knowledge and a check of the files of this newspaper that  
the advertisement of Public notice for  
Kentucky Public Service Commission was inserted in  
the **Appalachian News-Express** on the following dates:

DATE 1/26 PAGE NO. 5C

DATE \_\_\_\_\_ PAGE NO. \_\_\_\_\_

DATE \_\_\_\_\_ PAGE NO. \_\_\_\_\_

DATE \_\_\_\_\_ PAGE NO. \_\_\_\_\_

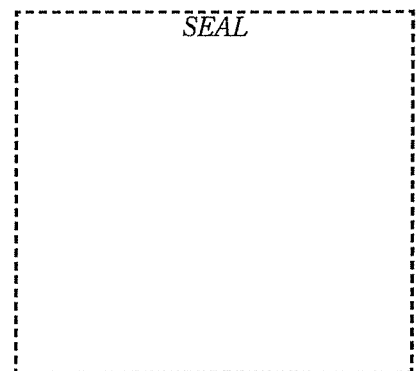
SIGNATURE Deborah Chambers

Subscribed and sworn to before me by Deborah Chambers

This 28<sup>th</sup> day of January, 2013.

NOTARY PUBLIC Lisa R. Mack

My commission expires: August 19, 2016



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Applications may be obtained at the Pike County Health Department, 119 River Drive, Pikeville, KY 41501, or <http://chfs.ky.gov/dph/lhdapp.htm>

Completed application and transcript must be returned by close of business Wednesday, February 6, 2013, to Pike County Health Department. Resume will not substitute for completed application.

Equal Opportunity Employer  
Applicants and employees in this classification may be required to submit to a drug screening test and background check.

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Professional Tree Service  
Clean Cut Services

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