

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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 May 8, 2013 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on May 8, 2013 in this proceeding;
- The written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the hearing conducted on May 8, 2013.

A copy of this Notice, the certification of the digital video record, exhibit list, and hearing log 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/2012-00140/2012-00140_08May13_Inter.asx. Parties wishing an annotated digital video

recording may submit a written request by electronic mail to 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/2012%20cases/2012-00140/>.

Done at Frankfort, Kentucky, this 31st day of May 2013.

A handwritten signature in cursive script, appearing to read "Linda Faulkner", written over a horizontal line.

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

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

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

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)	

CERTIFICATE

I, Melinda A. Ernst, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **May 8, 2013**. Hearing Log, Exhibits, Exhibit List and Witness List are included with the recording on **May 8, 2013**.

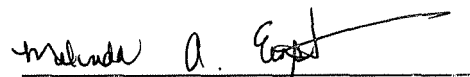
2. I am responsible for the preparation of the digital recording;

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 **May 8, 2013**.

5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of **May 8, 2013** and the time at which each occurred.

Given this 30 day of May, 2013.



Melinda A. Ernst, Notary Public
State-at-Large

My Commission Expires: 02/14/ 2016
Notary ID 458201



Session Report - Detail

2012-00140_08May2013

Johnson County Gas Company

Date:	Type:	Location:	Department:
5/8/2013	Alternative Rate Adjustment	Public Service Commission	Hearing Room 1 (HR 1)

Judge: Linda Breathitt; Jim Gardner
 Witness: Bud Rife Johnson County Gas Company
 Clerk: Melinda Ernst

Event Time	Log Event
10:02:56 AM	Session Started
10:02:58 AM	Note: Ernst, Melinda Welcomed everyone and introduced himself and Commissioner Breathitt. Chairman Armstrong was unable to attend the hearing.
10:03:30 AM	Camera Lock Deactivated
10:03:54 AM	Joe Childers, Joe F. Childers & Associates Note: Ernst, Melinda Introduced as counsel for Johnson County Gas Company. He then introduced the witness, Mr. Bud Rife, president of Johnson County Gas Company.
10:03:58 AM	Virginia Gregg, Staff, Public Service Commission Note: Ernst, Melinda Introduced herself and the following PSC staff: Leah Faulkner, Jeff Shaw, and Gary Glover.
10:04:01 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda Mr. Childers confirmed that public notice was given and filed a copy at the hearing.
10:05:01 AM	Vice Chairman Gardner Note: Ernst, Melinda Called for comments from the public. Seeing no one in attendance, no public comments were made.
10:05:09 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda Called Bud Rife, President of Johnson County Gas Company, as a witness.
10:05:44 AM	Vice Chairman Gardner Note: Ernst, Melinda Swore in Mr. Rife as a witness for Johnson County Gas Company.
10:06:29 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda Since no prefiled testimony was provided in this case, Mr. Childers questioned the witness prior to cross examination by PSC staff. He began by questioning the witness regarding his service with Johnson County Gas Company.
10:11:01 AM	Bud Rife, Witness, Johnson County Gas Company Note: Ernst, Melinda Testified that he became president of Johnson County Gas Company in 1997. He owns 100 percent of stock in the gas company and explained the alternative rate filing was the second rate increase that has been. The rate increase was initiated following a Chapter 11 bankruptcy filing. He stated that the gas company was not in good financial condition at the time he acquired it. It had approximately 1,200 customers at that time and currently has approximately 315 customers. Note: Ernst, Melinda Johnson County Gas Company filed for bankruptcy in 2011. Mr. Rife explained that he completes all work including paperwork and customer service for the gas company. It has no other employees.
10:15:01 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda Questioned the witness regarding specific line items in the budget including maintenance, vehicles, management fees, etc.

	Note: Ernst, Melinda	Questioned Mr. Rife regarding the budget for the gas company. Mr. Childers introduced Exhibit 1, Johnson County Gas Company Overhead Expense Budget for the Year Ending 12/31/12. Exhibit 1 listed all expenses approved by the bankruptcy court.
10:17:40 AM	Commissioner Breathitt Note: Ernst, Melinda	Questioned Mr. Rife regarding other employees that assist with maintenance of the company.
10:18:31 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Stated that he owns Bud Rife Construction Company and uses employees from the construction company to assist him with services he provides to Johnson County Gas Company; however, the gas company has no other employees. Those employees are paid by the construction company, not Johnson County Gas Company.
	Note: Ernst, Melinda	Work completed by employees of Bud Rife Construction Company is billed to Johnson County Gas Company. Currently the gas company owes the construction company for work that has been completed by those employees. The witness continued to describe line items included in the budget and how expenses were distributed.
10:19:39 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	He questioned the witness regarding rates paid by customers and revenues earned by Johnson County Gas Company.
	Note: Ernst, Melinda	Continued to question the witness regarding expenses of the company. He introduced Exhibit 2, Johnson County Gas Company Revised Proposed Rates.
10:23:56 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Answered questions regarding the proposed rates and surcharge for customers.
10:25:08 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Questioned the witness regarding PSC data requests. He referred to a gas supplier, Hall, Stevens & Hall, which was referred to in responses to those data requests.
	Note: Ernst, Melinda	Introduced Exhibit 3, Johnson County Gas Company's Sales for Period October 1, 2011 to September 30, 2012. He questioned the witness regarding this exhibit.
10:28:59 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified regarding the gas received from Hall, Stevens, & Hall and the fluctuation of gas rates. The witness explained that he owns 29 percent interest in Hall, Stevens, & Hall. He became a partner in Hall, Stevens & Hall in 2007. Hall, Stevens & Hall sells gas to Johnson County Gas Company which allows him to maintain consistency in rates for delivery of gas to customers of the gas company.
10:30:42 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Introduced Exhibit 4, Columbia Gas of Kentucky Gas Bill. He further questioned the witness if Hall, Stevens, & Hall would be the primary gas supplier. The witness further explained that another company, Bradco, supplied gas to customers of Johnson County Gas Company.
10:32:54 AM	Virginia Gregg, PSC Note: Ernst, Melinda	Objected to the introduction of Exhibit 4. The bill was a retail bill to an individual customer and not an invoice from a company for total gas billed.
10:33:17 AM	Vice Chairman Gardner Note: Ernst, Melinda	Denied the introduction of Exhibit 4, Columbia Gas of Kentucky Gas Bill.

10:34:36 AM	Commissioner Breathitt Note: Ernst, Melinda	Questioned the witness regarding the length of contracts between Johnson County Gas Company and suppliers, Hall, Stevens & Hall, and Bradco.
10:35:02 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	He questioned the witness. Hall, Stevens, and Hall has been the primary gas supplier for the past winter. He questioned if Hall, Stevens, and Hall has been paid for gas services received.
	Note: Ernst, Melinda	Introduced a new Exhibit 4, KRS 278.274 Review of natural gas utility's purchasing practices in determining reasonableness of proposed rates -- Reduction of rates by commission.
10:37:43 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that Johnson County Gas Company has not kept payments current with the gas supplier. He further stated that Hall, Stevens, & Hall has not billed the company for gas services received. The last bill received from Hall, Stevens, & Hall was in November of 2012; however, the gas supply to customers has not been affected.
10:39:35 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Mr. Childers questioned the witness regarding the timeliness of payments to gas suppliers and other companies by Johnson County Gas Company.
	Note: Ernst, Melinda	Introduced Exhibit 5. EQT Energy, LLC bill to B&H Gas Company. Mr. Rife also owns B&H Gas Company. He stated it is not unusual for gas suppliers to bill companies for gas services in an untimely manner. Exhibit 5 shows that the company was billed on 3/14/13 for gas received in June of 2011.
10:43:06 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that Johnson County Gas Company was unable to make timely payments to gas suppliers and other companies. The company was unable to maintain operating costs if all payments were made to debtors. He introduced Exhibit 6, Purchased Gas Adjustment Filing of Johnson County Gas Company Order Entered 11/29/12 in Case No. 2012-00227.
10:46:53 AM	Vice Chairman Gardner Note: Ernst, Melinda	Introduction of Exhibit 6 was denied.
10:47:12 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Exhibit 6, Purchased Gas Adjustment Filing of Johnson County Gas Company Order submitted in Case No. 2012-00227 by Joe F. Childers and Associates received 5/8/13.
10:48:22 AM	Vice Chairman Gardner Note: Ernst, Melinda	Denied introduced of Exhibit 6.
10:48:32 AM	Commissioner Breathitt Note: Ernst, Melinda	Took Administrative Notice of the two orders introduced by Mr. Childers as Exhibit 6 and Exhibit 7. Those orders were Purchased Gas Adjustment Filing of Johnson County Gas Company Order Entered 11/29/12 in Case No. 2012-00227 and Purchased Gas Adjustment Filing of Johnson County Gas Company Order submitted in Case No. 2012-00227 by Joe F. Childers and Associates received 5/8/13.
10:49:09 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned the witness regarding employees of Johnson County Gas Company. She questioned the salary and billing of those salaries and fees to Johnson County Gas Company.

10:49:45 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that Johnson County Gas Company has no other employees other than himself. Any other employees used by the gas company are employees of Bud Rife Construction Company and are paid by the construction company.
10:52:16 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Confirmed that his testimony and responses submitted by Mr. Rife in response to PSC data requests are true and accurate.
10:53:48 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned the witness regarding the office space used by Johnson County Gas Company.
10:54:42 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that he, as an employee of Johnson County Gas Company, along with 2 other employees of Bud Rife Construction Company occupy the office space. Other items located in the office space include cabinets, desks, pipes, fusion machines, etc. that are used by both companies. The equipment and items are split between the gas company and the construction company.
10:57:11 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Witness also testified that he completes work from his home. Questioned the witness regarding ownership and partners in Hall, Stevens, & Hall.
10:59:09 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Owns 29 percent of Hall, Stevens, & Hall. The witness stated there were approximately 30 partners in the company. Other partners have a larger ownership. The witness testified that he is the sole employee for the gas supplier.
11:02:40 AM	Post Hearing Data Request 1 Note: Ernst, Melinda	Ms. Gregg requested the most recent information on Hall, Stevens, & Hall including percentages owned by partners, etc.
11:03:04 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned the witness about additional gas suppliers for Johnson County Gas Company. She further questioned the relationship between Hall, Stevens, & Hall and Johnson County Gas Company.
11:03:35 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Objected to Ms. Gregg's line of questioning since Hall, Stevens, & Hall is not a company regulated by the PSC.
11:03:55 AM	Vice Chairman Gardner Note: Ernst, Melinda	Overruled Mr. Childers' objection.
11:04:35 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Continued questioning of witness regarding Hall, Stevens, & Hall and his relationship with the partnership.
11:05:19 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that he bought partnership into the Hall, Stevens, & Hall in 2007 and has been running the company since that time. He testified that he did not know all partners included in the partnership.
11:07:05 AM	Ms. Gregg, PSC Note: Ernst, Melinda Note: Ernst, Melinda	Questioned the witness regarding the gas cost recovery mechanism process its purpose. Questioned the witness regarding billing of Hall, Stevens, & Hall for gas provided to Johnson County Gas Company.

11:10:24 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified regarding the timeliness of bills paid by Johnson County Gas Company and other suppliers, including Bradco. Since filing bankruptcy, Johnson County Gas Company has purchased gas specifically from Hall, Stevens, & Hall and Bradco. He could not state the percentages of gas purchased from each supplier.
11:12:57 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Referred the witness to PSC Staff 's Second Information Request, Item 6 which refers to telephone expenses and the high cost of those expenses. She questioned the location of customers of the gas company and expenses included on Exhibit 1, Overhead Expense Budget for the Year Ending 12/31/2012 that was submitted by the gas company.
11:17:16 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda	Testified about the location of customers and the cost of telephone access to Johnson County Gas Company. The gas company must use a third party for telephone service which increases the cost. Testified that other employees requiring the use of cell phones were Jimmy Lawson, David Hunt, Wayne Bryant, and Renae Tackett. These employees serve both Johnson County Gas Company and Bud Rife Construction Company. He further testified that the expenses for those phones are split between both companies. The cell phones are used as emergency contacts for the gas company.
11:20:24 AM	Vice Chairman Gardner Note: Ernst, Melinda	Further questioned the witness regarding telephone expenses and number of phone bills received by Johnson County Gas Company, Bud Rife Construction Company, and B&H Gas Company.
11:21:04 AM	Post Hearing Data Request 2 Note: Ernst, Melinda	Vice Chairman Gardner requested submission of copies all phone bills for March 2013 for Johnson County Gas Company, Bud Rife Construction Company, and B&H Gas Company.
11:22:40 AM	Ms. Gregg, PSC Note: Ernst, Melinda Note: Ernst, Melinda Note: Ernst, Melinda	Introduced PSC Exhibit 1, Heating Degree Data. Questioned the reasoning for Johnson County Gas Company's request to change the test year from calendar year 2011 to the 12 months prior to September 2012 and the sales volumes in the gas company's Exhibit 3. She further questioned the witness regarding responses to PSC Second Data Request Item 2 and Third Data Request Item 1B regarding sales volumes and declining use of gas in particular areas of the state in the latter period of the test year.
11:27:06 AM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Objected to the introduction of PSC Exhibit 1 because of the lack of authenticity and a non-reliable source.
11:27:27 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Stated that PSC staff would like to introduce Exhibit 1 as a demonstrative exhibit and asked that the witness respond to the data contained in the exhibit.
11:28:21 AM	Session Paused	
11:29:25 AM	Vice Chairman Gardner Note: Ernst, Melinda	Sustained Mr. Childers objection and denied the submission of PSC Exhibit 1 Heating Degree Data.
11:43:29 AM	Session Resumed	
11:43:32 AM	Camera Lock Deactivated	

11:43:51 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned the witness regarding the current number of customers and the number of customers at end of year 2012.
	Note: Ernst, Melinda	Introduced PSC Exhibit 1, Utility Financial Reports for Johnson County Gas Company, Inc.
11:48:57 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that he could not provide specific information regarding the number of customers without reviewing his records.
11:49:43 AM	Ms. Gregg, PSC Note: Ernst, Melinda	Further questioned the witness regarding Annual Financial Report for 2007, 2008, 2009, 2010, and 2011 included in PSC Exhibit 1, specifically the total number of customers and the sales volumes. She further stated that no data in the past five years reflects the data Johnson County Gas Company has submitted to the PSC for consideration in this rate case.
11:59:06 AM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that gas consumption has been reduced during the test period that was submitted by Johnson County Gas Company for consideration in this rate case due to customers seeking alternative sources of heat.
12:00:43 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Further questioned the witness regarding the volumetric rate of gas consumption.
12:01:34 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Provided the volumetric rate for the new test data submitted by Johnson County Gas Company.
12:03:14 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Further questioned the witness regarding customer charges, volumetric rate, and surcharges and the increase in customers' bills. Based on the proposed rates, customers would incur an increase on average of 93 percent.
12:05:32 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Objected to Ms. Gregg's line of questioning regarding the increase in rates because she is assuming facts not in evidence.
12:06:03 PM	Vice Chairman Gardner Note: Ernst, Melinda	Instructed Ms. Gregg to use figures submitted in Johnson County Gas Company's public notice.
12:07:03 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Referring to Johnson County Gas Company's Public Notice, she questioned the witness if the gas company's customers could afford the increase that has been proposed.
12:09:27 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that if the proposed rates are approved, the gas company may lose a few customers, but the proposed rates would not propose an undo hardship on existing customers.
12:11:34 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned the witness regarding the debt reported in the 2011 Annual Financial Report. An outstanding balance to Columbia Gas of Kentucky and the Kentucky Department of Local Government was reported.
12:14:04 PM	Vice Chairman Gardner Note: Ernst, Melinda	Stated a proof of claim by Columbia Gas Transmission of \$159,000 owed by Johnson County Gas Company for gas that was not paid from April 2009 to June 2011. He further questioned the witness to clarify the debts owed by the gas company.

12:15:13 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Stated that the debt owed to Columbia Gas of Kentucky was prepetition and will be dealt with in the Chapter 11 bankruptcy plan.
12:16:29 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda	Testified that the outstanding balance to Columbia Gas of Kentucky and Kentucky Department of Local Government were from the bankruptcy filed for the gas company in 1980. He was advised that the debt would carry-over until the bankruptcy is approved. All those debts will drop off at that time. He further explained that he was advised that once the purchase price for ownership of the Johnson County Gas Company was paid, those debts would drop off.
12:17:15 PM	Ms. Gregg, PSC Note: Ernst, Melinda Note: Ernst, Melinda Note: Ernst, Melinda	Questioned the Mr. Rife's response to PSC Staff's Second Request Item 5 and Third Request Item 3. Responses indicate the total 2011 compensation the witness received from B&S Oil and Gas Company, B&H Gas Company, and Bud Rife Construction Company was \$69,384. Compensation from Johnson County Gas Company was \$84,000. She further questioned if the witnesses' compensation from Johnson County Gas Company is considerably higher than that received from his other companies and if so, why is it so much higher for the gas company. Questioned witness if he is under contract to B&H Gas Company and if so, what compensation he receives.
12:21:08 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	The difference in compensation between the companies is due to the fact he serves as the only employee of Johnson County Gas Company and B&H Gas Company has several employees. He further stated his compensation for management of Hall, Stevens, & Hall is \$500 per month which he has not collected in five or six years.
12:23:01 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned the witnesses' response to PSC Second Request for Information Item 5 regarding the management services he provides to Johnson County Gas Company.
12:24:13 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda Note: Ernst, Melinda	Witness testified he has received a salary of \$84,000 per year from Johnson County Gas Company for approximately 6 or 7 years. He stated that he retains approximately \$2,000 of the \$7,000 per month. The other compensation he receives is used for gas and vehicle maintenance, hotel rooms, and all other expenses he incurs. Witness further testified about services provided by Bud Rife Construction office employees Renae Tackett and Rosa McCoy to Johnson County Gas Company. He was unable to provide the current salary figures of each individual employee. Witness testified that he is the sole owner of B&H Gas Company and is paid considerably less by B&H Gas Company than Johnson County Gas Company. Witness testified that a state police investigation has been filed by Johnson County Gas Company for a scam in which checks were written on gas company accounts. The investigation has been turned over to the Federal Bureau of Investigation.

12:33:33 PM	Post Hearing Data Request 3 Note: Ernst, Melinda	Ms. Gregg requested the name and contact information of the state police officer in charge of the scam investigation reported by the witness.
12:35:54 PM	Commissioner Breathitt Note: Ernst, Melinda	Questioned the witness if any harm had come to customers or the Johnson County Gas Company by the reported scam.
12:35:59 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that no harm came to Johnson County Gas Company nor its customers through the scam.
12:36:47 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Introduced PSC Exhibit 2 Johnson County Gas Company Gas Operation and Maintenance Expenses. She further introduced PSC Exhibit 3 B&H Gas Company Gas Operation and Maintenance Expenses. She questioned why the expenses of Johnson County Gas Company are so much more than that of B&H Gas Company.
12:38:51 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Objected to the introduction of PSC Exhibit 2. He questioned the relevance of the information and where the information was found. Following some discussion and assistance of PSC staff, the objection was withdrawn.
12:42:34 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Witness testified that although the number of customers for each company is comparable, Johnson County Gas Company pipeline covers approximately 50 miles and B&H Gas Company pipeline covers approximately 11 miles. The Johnson County Gas Company's meters are split across a wider area and meters are located on houses instead of on the mains.
12:44:39 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Questioned if the witness had considered decreasing his salary from Johnson County Gas Company.
12:45:20 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that he had not considered decreasing his salary. The gas company would still be unable to pay its bills.
12:46:01 PM	Ms. Gregg, PSC Note: Ernst, Melinda	Introduced PSC Exhibit 4 Johnson County Gas Company, Inc. and Bud Rife, Individually and as Sole Officer of the Utility Alleged Violations of Commission Order dated May 26, 2004 in Case No. 2004-00072; PSC Exhibit 5 Johnson County Gas Company, Inc. and Bud Rife, Individually and as Sole Officer of the Utility An Investigation into the Status and Discontinuance of the Kentucky-West Virginia Gas Company Surcharge Tariff of Johnson County Gas Company, Inc. and Alleged Violations of a Commission Order in Case No. 2006-00165; and PSC Exhibit 6 Johnson County Gas Company, Inc. and Bud Rife, Individually and as Sole Officer of the Utility Alleged Failure to Comply With Commission Orders filed September 17, 2010 in Case No. 2011-00184.
12:47:30 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Objected to introduction of Orders introduced by Ms. Gregg. The introduction of orders by Johnson County Gas Company in this proceeding was previously denied.
12:49:50 PM	Vice Chairman Gardner Note: Ernst, Melinda	Explained that the orders introduced by Johnson County Gas Company were introduced as PSC Exhibits 4, 5, and 6 will be accepted as Administrative Notices.

12:50:00 PM	Ms. Gregg Note: Ernst, Melinda	Stated the relevance of the information provided in notices introduced by Ms. Gregg. As part of the Commission's Order in these cases, the witness was brought before the Commission for lack of payment to a surcharge account that was set up following the approval of an increase in rates.
12:51:47 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Stated he had no involvement in actions of the Public Service Commission and Johnson County Gas Company prior to his employment and ownership.
12:54:21 PM	Commissioner Breathitt Note: Ernst, Melinda	Questioned if the rate increase and surcharge amounts to pay creditors in the bankruptcy case are approved by the PSC, could the surcharges be placed into escrow accounts that will ensure payment to creditors.
12:55:19 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Stated he had no problem with placing those surcharge funds in an escrow account to pay creditors.
12:56:14 PM	Commissioner Breathitt Note: Ernst, Melinda	Commented that the accounting between companies owned by Mr. Rife is intermingled. She would like to see transparency in future dealings with between companies.
12:57:32 PM	Session Paused	
1:03:40 PM	Session Resumed	
1:03:44 PM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned the witness regarding written contracts between Johnson County Gas Company and other entities with which it is involved.
	Note: Ernst, Melinda	Questioned the witness regarding liability insurance for Johnson County Gas Company.
	Note: Ernst, Melinda	Questioned the witness regarding the most recent quarterly report filed with the PSC.
	Note: Ernst, Melinda	Questioned the witness if payments have been made on indebtedness since the Chapter 11 bankruptcy was filed?
	Note: Ernst, Melinda	Questioned if payments have been made to other debtors?
	Note: Ernst, Melinda	Questioned witness regarding tenants and equipment outlined in Johnson County Gas Company's Exhibit 1.
1:04:34 PM	Post Hearing Data Request 4 Note: Ernst, Melinda	Vice Chairman requested copies of contracts/amendments between the witness and Johnson County Gas Company in currently in effect.
1:05:49 PM	Post Hearing Data Request 5 Note: Ernst, Melinda	Vice Chairman requested copies of the current lease agreement of Johnson County Gas Company.
1:05:53 PM	Post Hearing Data Request 6 Note: Ernst, Melinda	Vice Chairman requested a written copy of the agreement in affect when this case was filed between Johnson County Gas Company and Bud Rife Construction Company.
1:06:16 PM	Post Hearing Data Request 7 Note: Ernst, Melinda	Vice Chairman Gardner requested a copy of the written contract between the Johnson County Gas Company and Bradco.
1:06:59 PM	Post Hearing Data Request 8 Note: Ernst, Melinda	Vice Chairman Gardner requested a copy of the written contract between Johnson County Gas Company and Hall, Stevens, & Hall partnership with financial information redacted. He is specifically interested in the tax return showing the percentage of ownership for each partner.

1:07:31 PM	Post Hearing Data Request 9 Note: Ernst, Melinda	Vice Chairman Gardner requested a copy of the K-1 between Mr. Rife and Hall, Stevens, and Hall.
1:09:23 PM	Post Hearing Data Request 10 Note: Ernst, Melinda	Vice Chairman Gardner requested a copy of the agreement between Johnson County Gas Company and B&H Gas Company.
1:12:01 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Answered questions from Vice Chairman Gardner regarding agreements for telephone expenses between entities and health and liability insurance paid by Johnson County Gas Company.
1:13:54 PM	Post Hearing Data Request 11 Note: Ernst, Melinda	Vice Chairman requested a copy of the rental agreement between the witness and B&H Gas Company.
1:16:38 PM	Post Hearing Data Request 12 Note: Ernst, Melinda	VC requested the deck page for the G&L Line Item Policy paid \$9,000 by Johnson County Gas Company.
1:18:50 PM	Post Hearing Data Request 13 Note: Ernst, Melinda	Vice Chairman Gardner requested copies of the lease agreements on the two trucks, a 1999 and a 2007, leased by Johnson County Gas Company.
1:19:13 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified Johnson County Gas Company currently has approximately 13-15 commercial customers.
1:22:50 PM	Post Hearing Data Request 14 Note: Ernst, Melinda	Vice Chairman Gardner questioned if debtors included in the bankruptcy have been paid. He requested a list of disbursements provided by the witness in the quarterly report ending March 31, 2013 to the bankruptcy court.
1:24:11 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda	Also questioned witness regarding liability insurance. In follow-up questioned the witness regarding heating and cooling paid by Johnson County Gas Company.
1:24:39 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda	Testified that payment for heating and cooling services are included in lease agreements between Johnson County Gas Company and B&H Gas Company. Further testified that liability insurance paid by Johnson County Gas Company covers injuries, etc. incurred. Bud Rife Construction Company pays liability insurance for the vehicles.
1:26:30 PM	Post Hearing Request 15 Note: Ernst, Melinda	Vice Chairman Gardner requested copies of the certificates of insurance for the 1999 and 2007 trucks leased by Johnson County Gas Company.
1:26:51 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda	He further testified that Johnson County Gas Company and B&H Gas Company have a general liability insurance policy that is combined because it was cheaper than purchasing separate policies for each company. Testified that the trucks leased by Johnson County Gas Company are paid by Bud Rife Construction Company, and as such, will be listed on the certificates of insurance.
1:30:22 PM	Post Hearing Data Request 16 Note: Ernst, Melinda	Vice Chairman Gardner requested copies of the most recent monthly bill for premiums on the G&L Line Item Policy for liability insurance paid by Johnson County Gas Company.

1:30:42 PM	Commissioner Breathitt Note: Ernst, Melinda	Questioned the witness regarding his management company.
1:30:50 PM	Mr. Rife, Johnson County Gas Company Note: Ernst, Melinda	Testified that he does not have a management company. His management services are provided through the companies with which he is involved.
1:31:05 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda	Clarified statements made by the witness regarding the \$84,000 he is paid by Johnson County Gas Company.
1:31:54 PM	Vice Chairman Gardner Note: Ernst, Melinda	Questioned staff if Johnson County Gas Company has submitted their Annual Financial Report for 2012.
1:32:30 PM	Virginia Gregg, PSC Note: Ernst, Melinda	Stated that Johnson County Gas Company's 2012 Annual Financial Report has been received, but PSC staff have not yet reviewed the report.
1:33:25 PM	Post Hearing Data Request 17 Note: Ernst, Melinda	Mr. Childers and Vice Chairman Gardner requested that Johnson County Gas Company submit the number of customers served and the number of mcfs disbursed in 2012.
1:33:39 PM	Mr. Childers, Johnson County Gas Company Note: Ernst, Melinda Note: Ernst, Melinda	He further stated that the witness is required to put forth \$100,000 of his personal money as a requirement of the bankruptcy plan. Clarified statements made by the witness regarding work completed by employees of Bud Rife Construction Company and the amounts billed to Johnson County Gas Company.
1:38:31 PM	Ms. Gregg, PSC Note: Ernst, Melinda	In follow-up questioned the witness regarding his qualifications and the qualifications of those completing work for Johnson County Gas Company.
1:39:38 PM	Vice Chairman Gardner Note: Ernst, Melinda	Reviewed exhibits submitted by both parties. He further requested that post hearing data requests be submitted by Friday, May 17. Electronic submissions will be accepted. Paper copies will follow.
1:42:54 PM	Session Paused	
1:42:59 PM	Session Ended	



Exhibit List Report

2012-00140_08May2013

Johnson County Gas Company

Name:	Description:
Johnson Co. Gas Adm. Notice 01	Order filed by the PSC in Case No. 2012-00227 Purchased Gas Adjustment Filing of Johnson County Gas Company Filed November 29, 2012 (Administrative Notice Only - Document was not accepted as evidence in the case)
Johnson Co. Gas Adm. Notice 02	Motion for Modification of Order filed by Johnson Co Gas Company in Case No. 2012-00227 Purchased Gas Adjustment Filing of Johnson Co. Gas Company Rec'd May 8, 2013. (Administrative Notice Only - Document was not accepted as evidence in the case)
Johnson Co. Gas Adm. Notice 03	Columbia Gas of Kentucky billing statement introduced as Johnson Co. Gas Exhibit 4, but was denied by the Commission (Administrative Notice Only - Document was not accepted as evidence in the case)
Johnson Co. Gas Exhibit 01	Overhead Expense Budget for the Year Ending 12/31/2012
Johnson Co. Gas Exhibit 02	Revised Proposed Rates
Johnson Co. Gas Exhibit 03	Johnson County Gas Company's Sales for Period October 1, 2011 to September 30, 2012
Johnson Co. Gas Exhibit 04	KRS 278.274 Review of natural gas utility's purchasing practices in determining reasonableness of proposed rates -- Reduction of rates by commission.
Johnson Co. Gas Exhibit 05	EQT Energy, LLC Bill to B&H Gas Company
PSC Staff Adm. Notice 01	Commission Order dated May 26, 2004 in Case No. 2004-00072 (Administrative Notice Only - Document was not accepted as evidence in the case)
PSC Staff Adm. Notice 02	Commission Order Jan. 17, 2007 filed in Case No. 2006-00165. (Administrative Notice Only - Document was not accepted as evidence in the case)
PSC Staff Adm. Notice 03	Commission Order dated June 10, 2011 in Case No. 2011-00184 (Administrative Notice Only - Document was not accepted as evidence in the case)
PSC Staff Dem. Exhibit 01	Heating Degree Days Information. (Administrative Notice Only - Document was not accepted as evidence in the case)
PSC Staff Exhibit 01	Utility Financial Reports
PSC Staff Exhibit 02	Johnson County Gas Company Gas Operation and Maintenance Expenses Report
PSC Staff Exhibit 03	B&H Gas Company Gas Operation and Maintenance Expenses

conference must be filed with the Director of Field Services, #2 Hudson Hollow, Frankfort, KY 40601 by May 14, 2013.

A public hearing on the application has been scheduled for May 15, 2013, or soon thereafter as may be heard at the Department for Natural Resources Prestonsburg Regional Office, 3140 South Lake Drive, Prestonsburg, KY 41653. The hearing will be cancelled if no request for a hearing or informal conference is received by May 14, 2013.

This is the final advertisement of this application.

**LEGAL NOTICE
NOTICE OF
ADJUSTMENT OF
RATE
JOHNSON COUNTY GAS
COMPANY**

Pursuant to the regulations of the Public Service Commission (Commission), Johnson County Gas Company gives notice that it intends to increase its gas rates.

Johnson County Gas Company. The Commission may order rates to be changed that differ from these proposed rates, such action may result in rates for consumers other than the rates in this notice, which may be higher or lower than those proposed by Johnson County Gas Company.

Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. The Motion must be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602 and should state the grounds for the request, including the interest and status of the party. Intervenor may obtain copies of the Application and any testimony filed by contacting Johnson County Gas Company at P.O. Box 47, Betsy Layne, KY 41605. A copy of the application is available for public

Base Rate All Mcf - \$6.3042
Proposed Rate (Commercial Customers)
Service Charge: \$15 per month
Base Rate All Mcf - \$10.0618
Surcharge per Mcf - \$3.0772

The Public Service Commission will conduct a hearing to examine the reasonableness of this proposed rate increase. The hearing will be held at the Commission's offices at 211 Sower Boulevard, Frankfort, Ky. on Wednesday, May 8, 2013, beginning at the hour of 10 a.m.

**Publisher's
Notice:**

All real estate advertised herein is subject to the Federal Fair Housing Act, which makes it illegal to advertise "any preference, limitation, or

CDL driver needed at C & S Vaults in Inez. Ability to perform physical labor. Load/unload/deliver steel grave vaults. Must be comfortable dealing with clients. Full-time position. Benefits after 90 days. Clean driving record and ability to obtain medical card. Work in warehouse when not driving. Send resume to: Human Resources, P.O. Box 8250, Columbus, OH 43201.

**Home-Improvement
Music's Contracting
Service**

Roofing, siding
Carpentry work
Licensed and insured
When Quality Counts,
Call Us.
Like us on Facebook
(606) 297-5602
(606) 793-3137
Will beat any competitor's price with proof of estimate.

income tax returns, employee quarterly tax returns, sales tax, coal tax, highway usage tax, fuel tax. We offer electronic tax filing. Computerized bookkeeping, profit and loss statements, billing services and computerized payroll preparation. Phone (606) 297-6217 or (606) 297-6218; after hours, call (606) 297-3013.

Storage-Depots

ACIA GROUP now has self storage specials! 10 ft.x 20 ft. for the price of 10 x15ft. Limited supplies, so hurry! We also have homes, apis., commercial building, and RV camping sites for rent. Call (606) 794-ACIA (2242) or look us up on the web at www.aciagroup.com.

1107 in Van Lear, Kentucky. Your source for books, maps, and more. (606) 798-3592.

**Your
Source
for Home
Loans!**

**Community
Trust Bank**
Member FDIC

Monday - Friday
9:00 am - 6:00 pm
Saturday
9:00 am - 2:00 pm
788-9934
Member FDIC

POSITION ANNOUNCEMENT

Long Term Care Ombudsman for Big Sandy Area Development District

Responsibilities:
Long Term Care Ombudsman for the counties of Floyd, Johnson, Magoffin, Martin, and Pike. Duties include: identifying, investigating, and resolving complaints made by or on behalf of long term care residents; promoting the development of citizen organizations and volunteers to participate in the program; provide community education; etc.

Qualifications:
Bachelors Degree with experience working with the elderly in an advocacy position.

Applications:
Resumes to: Steve Jones
Big Sandy Area Development District
110 Resource Court
Prestonsburg, KY 41653

To apply, submit resume and letter of intent by

**STAY IN TOUCH
WITH
TODAY'S
Appalachian**

**JOHNSON CO. GAS
PUBLIC NOTICE**

S/S

For quote or more information,
 P.O. Box 100, Paintsville, Ky. 41240

basis of sex, age, religion, race, national origin or physical disability.
 No position guarantees can be given.

We reserve the right to refuse any advertising.
 number. We reserve the right to refuse any advertising.

appears and report any errors promptly. Credit for errors is limited to the cost of the first ad only and adjustment is limited to the actual cost of space.

ES
 Tuesday paper
 Friday paper

OFFICE HOURS
 Monday - Friday, 8:30 a.m. - 5 p.m.
 606-789-5315

CHARGE YOUR AD
 NOW YOU CAN USE YOUR CHARGE CARD
 Visa, MasterCard and American Express
 606-789-5315

ICE
 F
 TO
 ber
 with
 KRS
 e is
 D &
 pany,
 Rt.
 n, KY
 ed for
 irface
 ecla-
 ation
 sur-
 99.08
 led at
 in
 per-
 ately
 least
 Fork
 with
 road,
 g the
 use
 pre-
 the
 bush
 inute
 aps.
 use
 four,
 and
 sur-
 sur-
 area
 Gary
 orris
 david
 my
 broy
 has
 ublic
 the
 for
 r g
 140
 five,

LEGAL NOTICE
 NOTICE OF
 ADJUSTMENT OF

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 8, is being proposed for 100% release of the original bond in this application for release. Written comments, objections, and requests for a public hearing or informal conference must be filed with the Director of Field Services, #2 Hudson Hollow, Frankfort, KY 40601 by May 14, 2013. A public hearing on the application has been scheduled for May 15, 2013, or soon thereafter as may be heard at the Department for Natural Resources Prestonsburg Regional Office, 3140 South Lake Drive, Prestonsburg, KY 41653. The hearing will be cancelled if no request for a hearing or informal conference is received by May 14, 2013. This is the final advertisement of this application.

LEGAL NOTICE

The rates listed below, which are approximately a 84% average increase over the current rates for residential customers and are approximately a 73% average increase over the current rates for commercial customers, are to be effective June 8, 2013, unless otherwise ordered by the Commission. The average residential customer bill will increase from \$41.56 per month to \$73.43 per month. The average commercial customer bill will increase from \$57.43 per month to \$99.59 per month. Further information may be obtained from the Commission or Johnson County Gas Company. The Commission may order rates to be changed that differ from these proposed rates, such action may result in rates for consumers other than the rates in this notice, which may be higher or lower than those proposed by Johnson County Gas Company. Any corporation, association, body politic or person may by timely motion, within 30 days of this Notice, request intervention in this case. The Motion must be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602 and should state the

review at the office of Johnson County Gas Company and at the Public Service Commission, 211 Sower Boulevard, Frankfort, KY 40601. Telephone (502) 564-3540.

Current Rate (Residential Customer)
 Service Charge: None
 Base Rate First Mof - \$8.9542; Base Rate Over 1 Mof - \$5.9542

Proposed Rate (Residential Customers)
 Service Charge: - \$15 per month; Base Rate All Mof - \$10.0613
 Surcharge per Mof - \$3.0772

Current Rate (Commercial Customers)
 Service Charge: None
 Base Rate All Mof - \$6.3042

Proposed Rate (Commercial Customers)
 Service Charge: \$15 per month
 Base Rate All Mof - \$10.0613
 Surcharge per Mof - \$3.0772

The Public Service Commission will conduct a hearing to examine the reasonableness of this proposed rate increase. The hearing will be held at the Commission's offices at 211 Sower Boulevard, Frankfort, Ky. on Wednesday, May 8, 2013, beginning at the hour of 10 a.m.

Publisher's Notice:
 All real estate adver-

LEGAL NOTICE

discrimination because of race, color, religion, sex, handicap, familial status or national origin, or intention to make any such preference, limitation, or discrimination." State law forbids discrimination based on these factors. We will not knowingly accept any advertising for real estate which is in violation of the law. All persons are hereby informed that all dwellings advertised are available on an equal opportunity basis.

CDL Driver - Class B
 CDL driver needed at C & S Vaults in Inez. Ability to perform physical labor. Load/unload/deliver steel grave vaults. Must be comfortable dealing with clients. Full-time position. Benefits after 90 days. Clean driving record and ability to obtain medical card. Work in warehouse when not driving. Send resume to: Human Resources, P.O. Box 8250, Columbus, OH 43201.

Home Improvement
Music's Contracting Service
 Roofing, siding
 Carpentry work
 Licensed and insured
 When Quality Counts,
 Call Us.
 Like us on Facebook
 (606) 297-5500

Home Improvement

Painting
 Commercial or Residential
 Interior & Exterior
 Handyman Services
 Call Danny Fairchild at (606) 789-1238.

R & L Paving
 • Driveways
 • Parking lots
 • Roads
 • Seal Coating
 Call 789-3175.

Services Offered
 C&C TAX AND BOOKKEEPING SERVICE 5786 U.S. Highway 26 North
 Approximately 2 miles north of W.R. Castle School Nippa, KY 41240. Personal and business income tax returns, employee quarterly tax returns, sales tax, coal tax, highway usage tax, fuel tax. We offer electronic tax filing. Computerized bookkeeping, profit and loss statements, billing services and computerized payroll preparation. Phone (606) 297-6217 or (606) 297-6218; after hours, call (606) 297-3013.

Storage Rentals
 ACIA GROUP now has self storage specials! 10 ft. x 20 ft. for the price of 10 x 15ft. Limited supplies, so hurry! We also have homes, apts., com-

Merchandise for Sale
More or Less
 Sell your merchandise for FREE! Items \$150 or less may be listed here for one week, ABSOLUTELY FREE! Call Nancy at 606-789-5315. 20 word limit applies.
 Two full-size comforters - \$10 ea.; one full-size bedspread - \$20. For more information call (606) 788-0227.

Books
 Words & Stuff Eastern Kentucky's Regional Bookstore. Located at the intersection of Ky. Rt. 302 & 1107 in Van Lear, Kentucky. Your source for books, maps, and more. (606) 789-3592.

Your Source for Home Loans!
 Community Trust Bank
 1000 Main Street
 Paintsville, KY 41240
 Monday - Friday
 9:00 am - 5:00 pm
 Saturday
 9:00 am - 1:00 pm

EXHIBIT 2

Johnson County Gas Company, Inc.
Overhead Expense Budget for the Year Ending 12/31/2012

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Telephone	\$498	\$498	\$498	\$498	\$498	\$498	\$498	\$498	\$498	\$498	\$498	\$498	\$5,976
Health Insurance	1,047	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	12,553
Office Rental	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
PSC Tax & Licenses - average over yr	245	245	245	245	245	245	245	245	245	245	245	245	2,940
Insurance - cost of GL policy	712	0	0	2,607	712	712	712	712	712	712	712	712	9,015
Bank Charges	26	26	26	26	26	26	26	26	26	26	26	26	312
Accounting Fees	275	275	275	275	275	275	275	275	275	275	275	275	3,300
Legal & Disbursing Agent Fees	300			300			300			300	0		1,200
US Trustee Fees	0	0	975	0	0	975	0	0	975	0	0	975	3,900
Repairs and Maintenance	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928	23,136
Office Supplies and Postage	397	397	397	397	397	397	397	397	397	397	397	397	4,764
Equipment Rental - Trucks	928	928	928	928	928	928	928	928	928	928	928	928	11,136
Utilities	149	149	149	149	149	149	149	149	149	149	149	149	1,788
Bud Rife Management Fees	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000
Property Tax - Johnson Co. Fiscal Ct.	0	0	0	0	0	0	0	0	0	0	0	5,797	5,797
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600
Total Budgeted Expenditures	\$14,555	\$13,542	\$14,517	\$16,449	\$14,254	\$15,229	\$14,554	\$14,254	\$15,229	\$14,554	\$14,254	\$21,026	\$182,417

The 2012 budget above is based upon historical costs and assumptions as to future costs.

NOTE: Cost of natural gas is recovered separately from customers at actual cost, and therefore, not shown herein.

Based upon the assumption that the Debtor will sell 19,000 Mcf to its customers each year, the cost recovery required, before debt service to Creditors, is \$9.60 per Mcf.

The "surcharge" described in Article 6.9 (b) of the Plan is approx. \$90,000.00 to Classes 1, 2-A and 2-B plus \$105,000 to Class 3 for a total of \$195,000.00 over 5 years.

\$195,000 divided by 5 years = \$39,000/yr. Surcharge required to pay \$39,000/yr based upon 19,000 Mcf sold per year is \$2.05 per Mcf.

Debtor believes that an adjustment by the Kentucky PSC of the minimum monthly charge from 1 Mcf to 2 Mcf per customer per month will be sufficient to recover \$18,100 (\$.95 per Mcf).

Then, that \$18,100 plus \$20,900 (a surcharge of \$1.10 per Mcf) will total \$39,000 per year or \$2.05 per Mcf based upon \$19,000 Mcf sold to customers per year.

**JOHNSON COUNTY GAS COMPANY
REVISED PROPOSED RATES**

<u>Item</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Rev. Produced</u>
Customer Charge	\$0		
Customer Charge		\$15 per month	\$54,900
Rate per mcf (Current)			
First mcf (res.)	\$6.9542		\$24,131.07
Over first mcf (res.)	5.9542		75,046.74
All mcf (comm.)	6.3042		<u>7,256.13</u>
Total Current Revenue			\$106,433.95
Rate per mcf (Proposed)		^{\$} 10.0613	
All mcf (res. & comm.)		\$10.3247	\$130,855.09 ^{\$127,516.91}
Surcharge (5 yrs)			
Per mcf	\$0	\$3.0772	\$39,000 per year

Exhibit B

**JOHNSON CO. GAS
EXHIBIT 2**

JOHNSON COUNTY GAS COMPANY'S SALES FOR PERIOD OCTOBER 1, 2011 TO SEPTEMBER 30, 2012

	<u>Oct-11</u>	<u>Nov-11</u>	<u>11-Dec</u>	<u>12-Jan</u>	<u>12-Feb</u>	<u>12-Mar</u>	<u>12-Apr</u>	<u>12-May</u>	<u>12-Jun</u>	<u>12-Jul</u>	<u>12-Aug</u>	<u>12-Sep</u>	<u>Total</u>
Sales mcf	896	1,484	2,109	2,980	2,351	991	789	390	129	176	144	235	12,674

Exhibit A

278.274 Review of natural gas utility's purchasing practices in determining reasonableness of proposed rates -- Reduction of rates by commission.

- (1) In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.
- (2) When proposing new rates, the utility shall be required to prove that the proposal is just and reasonable in accordance with the requirements of this section.
- (3) It shall be presumed that natural gas purchases from affiliated companies are not conducted at arm's length.
 - (a) For purposes of this subsection, affiliated companies shall be defined as those in which one (1) or more of the owners control or have the right to control the business affairs of all affected companies.
 - (b) In instances in which a utility purchases natural gas from an intrastate affiliate, the commission shall assume jurisdiction of the affiliated company as though it were a utility as defined in KRS 278.010. The commission's jurisdiction shall extend to that extent necessary to ensure that the rates charged the utility and ultimately to the consumer are just and reasonable.
 - (c) If the commission determines that the rates charged by the utility are not just and reasonable in that the cost of natural gas purchased from the affiliated company is unjust or unreasonable, the commission may reduce the purchased gas component of the utility's rates by the amount deemed to be unjust or unreasonable.
 - (d) The commission may also reduce the rate charged by the affiliated company by the same amount.

Effective: July 13, 1984

History: Created 1984 Ky. Acts ch. 40, sec. 1, effective July 13, 1984.

No. 0488 P. 5



EQT Energy, LLC
625 Liberty Ave,
Suite 1700
Pittsburgh, PA 15222
United States

Contact: Dan Massengill
Phone: (412) 395-2616
Fax: (412) 395-9335
Email: dmasseng@eqt.com

B & H Gas Company
PO Box 155
Harold, KY 41635-0155
United States

Contact:
Phone: (606) 478-5851
Fax: (606) 478-5266
Email: bandhgas@mlkrotec.com

PAID

CK. NO. 7052
DATE 3-25-13

B&H

Invoice #: 50675

Invoice Date: 03/14/13
Due Date: 03/25/13
Currency: USD
Production Month: Jan-13

Payment Type	Deal #	Trade Date	Internal Trader	Pipeline	Meter	Description	UOM	Volume	Price	Amounts	
Sales											
COF	24852	06/01/11	shafranb	na	Kentucky West	42T	B&H GAS-A	MMBTU	0	\$0.0000	\$0.00
Commodity Charges	24852	06/01/11	shafranb	na	Kentucky West	42T	B&H GAS-A	MMBTU	0	\$0.0000	\$0.00
COF	24852	06/01/11	shafranb	na	Kentucky West	42Y	B&H GAS-B	MMBTU	0	\$0.0000	\$0.00
Commodity Charges	24852	06/01/11	shafranb	na	Kentucky West	42Y	B&H GAS-B	MMBTU	141	\$4.6800	\$659.88
Sales Total:								141		\$659.88	
Total Net Payable To EQT Energy, LLC:										\$659.88	

Please Wire Transaction To: BANK OF NEW YORK MELLON 	Please Remit Check To: EQT Energy, LLC 625 Liberty Ave, Suite 1700 Pittsburgh, PA 15222 United States	Please Send Correspondence To: EQT Energy, LLC 625 Liberty Ave, Suite 1700 Pittsburgh, PA 15222 United States Phone: (412) 395-2616
---	---	--

May. 7. 2013 3:09PM



EQT Energy, LLC
 625 Liberty Ave,
 Suite 1700
 Pittsburgh, PA 15222
 United States

Contact: Dan Massengill
 Phone: (412) 395-2616
 Fax: (412) 395-3335
 Email: dmasseng@eqt.com

B & H Gas Company
 PO Box 155
 Harold, KY 41635-0155
 United States

Contact:
 Phone: (606) 478-5851
 Fax: (606) 478-5266
 Email: bhandgas@mikrotec.com

Invoice #: 53118

Invoice Date: 04/23/13
 Due Date: 05/15/13
 Currency: USD
 Production Month: Feb-13

Payment Type	Deal #	Trade Date	Internal Trader	Pipeline	Meter	Description	UOM	Volume	Price	Amounts
Sales										
COF	24852	06/01/11	shafranb na	Kentucky West	42T	B&H GAS-A	MMBTU	0	\$0.0000	\$0.00
Commodity Charges	24852	06/01/11	shafranb na	Kentucky West	42T	B&H GAS-A	MMBTU	0	\$0.0000	\$0.00
COF	24852	06/01/11	shafranb na	Kentucky West	42Y	B&H GAS-B	MMBTU	0	\$0.0000	\$0.00
Commodity Charges	24852	06/01/11	shafranb na	Kentucky West	42Y	B&H GAS-B	MMBTU	121	\$4.5800	\$554.18
Sales Total:								121		\$554.18
Total Due EQT Energy, LLC:										\$554.18

<p>Please Wire Transaction To: BANK OF NEW YORK MELLON [REDACTED]</p>	<p>Please Remit Check To: EQT Energy, LLC 625 Liberty Ave, Suite 1700 Pittsburgh, PA 15222 United States</p>	<p>Please Send Correspondence To: EQT Energy, LLC 625 Liberty Ave, Suite 1700 Pittsburgh, PA 15222 United States Phone: (412) 395-2616</p>
--	--	---

PAID

7-124
 CK. NO. 7-3-13
 DATE

B&H

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
JOHNSON COUNTY GAS COMPANY) 2012-00227

ORDER

On June 4, 2012, Johnson County Gas Company ("Johnson County") filed an application to adjust its Gas Cost Adjustment ("GCA") rate to become effective July 1, 2012. In the Commission's Order dated June 29, 2012, the Commission suspended Johnson County's proposed rates until December 1, 2012 in Order to gather additional information concerning Johnson County's supply sources and the associated gas cost. In response to a Commission Staff request for information, Johnson County provided copies of contracts with its gas suppliers, Bradco Oil Company ("Bradco") and Hall, Stephens, & Hall, and with its gas transportation supplier, Columbia Gas Transmission, LLC ("TCO"), as well as Hall, Stephens, & Hall's Natural Gas Gathering Agreement with EQT Gathering LLC ("EQT"). In response to Commission Staff's request for gas supplier invoices and proof of payment, Johnson County provided Bradco and TCO invoices and proof of payment, but stated that "[w]e are still working on getting everything ready with Hall, Stephens, & Hall. Once everything is completed we will provide everything to you."¹ As of this date, Johnson County has not provided invoices from or proof of payment to Hall, Stephens, & Hall. The Hall, Stephens, & Hall gas supply contract

¹ Response to Items 1 and 2 of Commission Staff's First Request for Information to Johnson County Gas Company, filed July 25, 2012.

provided by Johnson County states that "Retroactive billing will be done on completion of the bankruptcy." Based on this contract provision and on similar statements made by Bud Rife, president of Johnson County and signatory for both Johnson County and Hall, Stephens, & Hall on the gas supply contract, Johnson County's gas cost will be based solely on purchases from other supply sources. The gas supply contracts with both Bradco and Hall, Stephens, & Hall reflect a \$6.00 per Mcf price. Johnson County's application in this proceeding includes an \$8.50 per Mcf rate for Bradco and a \$4.14 per Mcf rate of unknown origin for NiSource.

The Commission is particularly concerned about Johnson County's gas supply contract situation because the utility has declared bankruptcy. All of its previous gas suppliers are creditors in that proceeding, and Hall, Stephens, & Hall is an affiliate supplier pursuant to 278.010(18). This issue will not only be the subject of Johnson County's next quarterly GCA filing due December 1, 2012, but is also being explored in Case No. 2012-00140,² Johnson County's Alternative Rate Filing Adjustment Application. The Commission therefore finds that the Expected Gas Cost proposed by Johnson County in this proceeding is in conflict with the existing gas supply contracts and cost information, and should be denied. Johnson County's Actual Adjustment ("AA") included in its filing for rates effective January 1, 2013 should include calculations to reconcile gas cost and recoveries for the months January through September 2012, and should include any gas cost invoiced by Hall, Stephens, & Hall since Johnson County's July 25, 2012 response in this proceeding.

² Case No. 2012-00140, Alternative Rate Filing Adjustment Application of Johnson County Gas Company (filed Aug. 29, 2012).

The Commission is also concerned about excess revenues collected due to Hall, Stephens, & Hall not invoicing for volumes of gas provided to Johnson County. Ordinarily, excess gas cost revenues would be returned to customers through operation of the AA. However, returning these amounts to customers in advance of billings could create a situation in which customers must pay Hall, Stephens, & Hall for current purchases, as well as being back billed for previously consumed volumes. The Commission therefore finds that Johnson County should, immediately upon receipt of this Order, establish a separate interest-bearing account in which to deposit any GCA revenues collected in excess of actual monthly payments for the invoiced cost of gas purchases from Bradco, TCO, and EQT. This interest-bearing account should only be used to pay any back billed invoices received from Hall, Stephens, & Hall. Johnson County's AA mechanism should likewise be used only to reconcile gas cost and recoveries related to suppliers other than Hall, Stephens, & Hall.

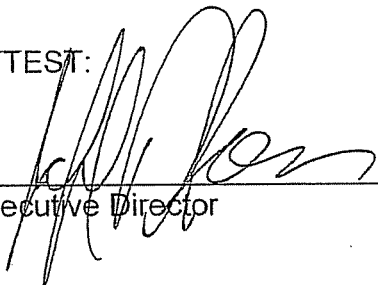
IT IS THEREFORE ORDERED that:

1. Johnson County's proposed rates are denied.
2. Johnson County's next GCA filing for rates effective January 1, 2013 should include all supplier invoices and proof of payment for the months April through September 2012.
3. Johnson County shall, immediately upon receipt of this Order, establish an interest-bearing account in which to deposit any GCA revenues collected in excess of actual monthly payments for the invoiced cost of gas purchases from Bradco, TCO, and EQT, those revenues being used only to pay any back billed invoices from Hall, Stephens, & Hall.

By the Commission

ENTERED ^{RA}
NOV 29 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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

RECEIVED

MAY 08 2013

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
JOHNSON COUNTY GAS COMPANY) 2012-00227

MOTION FOR MODIFICATION OF ORDER

Comes Johnson County Gas Company, by and through counsel, and moves to modify the Order of the Commission dated November 29, 2012 (“Order”) as follows:

1. The third numbered paragraph on page three of the Order directs Johnson County Gas Company to “immediately upon receipt of this Order” establish an escrow account for the purpose of depositing “any GCA revenues collected in excess of actual monthly payments for the invoiced cost of gas purchases” from various suppliers for the purpose “to pay back billed invoices from Hall, Stephens & Hall.”
2. Johnson County Gas Company, immediately upon receipt of the Order did establish the interest bearing account directed by the Commission.
3. Hall, Stephens & Hall has continued to supply gas to Johnson County Gas Company since the date of the Order, which has permitted Johnson County Gas Company to supply gas to all of its retail customers through the winter months of 2012-2013 and through the spring of 2013, but has not invoiced Johnson County Gas for such gas supplied.
4. Because the revenues from all sources were insufficient to cover Johnson County Gas Company’s operating expenses without paying Hall, Stephens & Hall for the gas

supplied, Johnson County Gas Company has not been able to comply with so much of the Order as directed that excess GCA revenues be deposited into said account.

5. Currently, Hall, Stephens & Hall is owed more than \$40,000 for gas supplied.
6. In addition, Bud Rife is owed \$21,000 in post-Bankruptcy petition management fees by Johnson County Gas Company.

WHEREFORE, Johnson County Gas Company respectfully moves the Commission to modify so much of its Order as directs that the excess GCA revenues be deposited into the interest bearing account ONLY until such time as the Commission rules on the Alternative Rate case pending before it in Case No. 2012-140.

Respectfully submitted,



JOE F. CHILDERS

JOE F. CHILDERS & ASSOCIATES
The Lexington Building
201 West Short Street
Suite 300
Lexington, Kentucky 40507
Telephone: (859) 253-9824
Facsimile: (859) 258-9288
childerslaw81@gmail.com

How to Contact Us

1-800-432-9345

For DirectLink self-service 24 hours/day

For billing questions,

call 8 a.m. - 5 p.m., Mon. - Fri. before due date

For quickest response,

call 11 a.m. - 3 p.m., Tues. - Fri.

1-800-432-9515

For gas leaks or odor of gas 24 hours/day

Press option 2 after the greeting

711

For hearing-impaired relay

ColumbiaGasKY.com

Click on DirectLink e-Services for account information, online billing and payment services, financial assistance, and other useful tools.

Billing Options

E-Bill Go paperless! Sign up for one of our e-bill options and view your bill online.

Budget Payment Plan Reduce the impact of higher, unstable natural gas prices by spreading the cost of winter heating more evenly throughout the year. Know how much to expect to pay each month.

Customer CHOICE Purchase your natural gas from an unregulated supplier and have more control over the gas cost portion of your bill, which amounts to nearly two-thirds of your bill. Columbia Gas will still deliver the gas and provide safe, reliable service.

Gas Meter Information

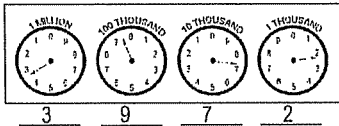
Actual Reading A meter reader has read the meter. You're required to provide us access to read the meter at least once a year or risk shut-off. Please contact us to make arrangements if access is required.

Estimated Reading During the months we don't read the meter, we accurately estimate your reading based on the history of usage at the service address and normal temperatures for the billing period. We verify the reading the next time we read the meter to make sure you pay only for the energy you've used.

Gas Usage We measure your gas usage in Mcf equal to 1,000 cubic feet.

How to Read the Meter When a pointer is between two numbers on a dial-type meter, read the smaller number except when the pointer is between 9 and 0. Record the reading on the dials from left to right.

Example:



Billing & Payment Summary

Customer Name

Joe F Childers

Previous Amount Due on 03/16/2012 \$35.85

Payments Received by 03/16/2012 - \$35.85

Balance on 03/30/2012 = \$0.00

Charges for Gas Service This Period + \$62.72

Amount Due = \$62.72

An Automatic Bill Payment of \$62.72 will be made on 04/13/2012 by your Financial Institution.

Billing & Payment Notes

If we receive your payment for the current total Amount Due by the due date shown on this bill, you will avoid a late payment charge of 5.00%.

See back of bill for Detail of Charges for Gas Service.

The new Budget year starts next month! Be sure to check your bill next month for an opportunity to join the Budget Payment Plan and spread the cost of winter heating more evenly over the entire year.

Service Summary

Service Location

99 Hampton Ct
Lexington KY 40508-1707

Service Summary Notes

Your next actual meter reading date is between 04/27/2012 - 05/03/2012

Meter Number
M3202762

Meter Readings (29 Billing Days)

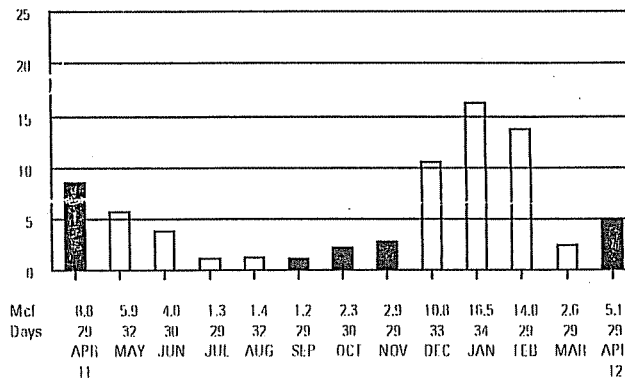
Actual Reading on 3/30 5327

Estimated Reading on 3/1 - 5276

Gas Used (Mcf) = 5.1

Gas Use History

Estimated Customer Actual



Daily Comparisons

Month	Avg Daily Temp	Avg Daily Usage
Apr '12	56.0°	0.2
Mar '12	40.1°	0.1
Apr '11	46.7°	0.3

Your Average Monthly Usage is 5.7 Mcf

Your Total Annual Usage is 88.8 Mcf

Legal Notices

Rate Schedule Information about rate schedules is available upon request.

Bankruptcy Notices Mail to Columbia Gas of Kentucky, Revenue Recovery, 200 Civic Center Dr., Columbus, OH 43215.

Other Correspondence (except payments) Mail to Columbia Gas of Kentucky, P.O. Box 2318, Columbus, OH 43216-2318

5.65 gas supply change
3.15/mcf
\$8.80 gas delivery change

JOHNSON CO. GAS ADMINISTRATIVE NOTICE

3

Payment Coupon

Turn Me Over for more details about your account

KY Public Service Commission

**Utility Type: Gas Distribution Companies Period:
1/1/2011**

Johnson County Gas Company, Inc.

- Title Page
- Principal Payment and Interest Information
- Services Performed by Independent CPA
- Additional Information Required
- General Information 1 - 3
- General Information 4,5
- General Information 6.
- General Information 7.
- General Information 8.
- Principal Officers
- Balance Sheet - Assets and Other Debts
- Balance Sheet - Liabilities and Other Credits
- Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort.
- Gas Utility Plant In Service
- Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant
- Capital Stock
- Long-Term Debt
- Notes Payable
- Interest Accrued
- Other Current and Accrued Liabilities
- Statement of Retained Earnings for the Year
- Statement of Income for the Year
- Gas Operation and Maintenance Expenses
- Number of Customers - End of Year
- Taxes Other Than Income Taxes (408)
- Operating and Non-Operating Income Taxes
- Amortization Expense
- Sales for Resale Nat Gas (483)
- Gas Purchases (Accts 804,805)
- Gas Account - Natural Gas

PSC EXHIBIT 1

4600 Johnson County Gas Company, Inc.

Title Page (Ref Pg. 0)

	Name of Respondent	Addr Line 1	Addr Line 2	City	State	Zip
Class C and D Natural Gas Companies						
Annual Report of						
Respondent:	JOHNSON COUNTY GAS COMPANY INC.	BOX 339		HAROLD	KY	41635

4600 Johnson County Gas Company, Inc.

Principal Payment and Interest Information (Ref Pg. 0)

	Amount	Yes/No
Amount of Principal Payment During Calendar Year	\$0.00	
Is Principal Current?		Y
Is Interest Current?		Y

4600 Johnson County Gas Company, Inc.

Services Performed by Independent CPA (Ref Pg. 0)

	Yes/No	A/C/R
Are your financial statements examined by a Certified Public Accountant?		
Enter Y for Yes or N for No	N	
If yes, which service is performed?		
Enter an X on each appropriate line		
Audit		
Compilation		
Review		
Please enclose a copy of the accountant's report with annual report.		

4600 Johnson County Gas Company, Inc.

Additional Information Required (Ref Pg. 0)

Case Num	Date	Explain

4600 Johnson County Gas Company, Inc.

General Information 1 - 3 (Ref Pg. 1)

	Name	Address	City	State	Phone
Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.					
principal office in KY	JOHNSON COUNTY GAS COMPANY INC.	P.O. BOX 339	HAROLD	KY	6067895481
Name, title, address and telephone number with area code of the person to be contacted concerning this report					
	DARRELL MADDEN, CPA	P.O. BOX 529	HINDMAN	KY	
Give name and title of officer having custody of the books of account					
address of office and telephone number with area code where the books of account are kept					
	BUD RIFE	P.O. BOX 339	HAROLD	KY	6067895481

4600 Johnson County Gas Company, Inc.

General Information 4,5 (Ref Pg. 1)

	List
Name of State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law.	KY; 03/12/1968
If respondent controls or is controlled by any other corporation, business trust or similar organization, give a concise explanation of the manner and extent of control.	

4600 Johnson County Gas Company, Inc.

General Information 6. (Ref Pg. 1)

	Last Name	First Name	Percent Ownership	Bus. Address
Give the names and address of the ten major stockholders of the respondent and the voting powers of each at the end of the year.				
	RIFE	BUD	100.0000	P.O. BOX 339, HAROLD, KY 41639

4600 Johnson County Gas Company, Inc.

General Information 7. (Ref Pg. 1)

	Count
Number of Full-time employees	0
Number of Part-time employees	0

4600 Johnson County Gas Company, Inc.

General Information 8. (Ref Pg. 1)

City or Town	Community	County
	HAGER HILL	Johnson
	EAST POINT	Johnson
	VAN LEAR	Johnson
	MEALLY	Johnson

4600 Johnson County Gas Company, Inc.

Principal Officers (Ref Pg. 1)

Title	Last Name	First Name	Percent Ownership	Bus. Address	Salary or Fee
PRESIDENT	RIFE	BUD	100.0000	P.O. BOX 339, HAROLD, KY 41635	\$81,000.00

4600 Johnson County Gas Company, Inc.

Balance Sheet - Assets and Other Debts (Ref Pg. 2)

	Balance First of Yr	Balance End of Yr
UTILITY PLANT		
Utility Plant (101-107, 114, 116)	\$1,196,445.00	\$1,196,445.00
Less: Accum. Prov. for Depr., Depl., and Amortization (108,111,115)	\$937,351.00	\$975,332.00
Net Utility Plant	\$259,094.00	\$221,113.00
OTHER PROPERTY AND INVESTMENTS		
Non-Utility Property-Net (121-122)		
Other Investments (124)		
Special Funds (128)		
Total Other Property and Investments		
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$46,819.00	\$22,748.00
Temporary Cash Investments (136)		
Notes Receivable (141)		
Customer Accounts Receivable (142)	\$20,262.00	\$39,487.00
Other Accounts Receivable (143)	\$2,144.00	\$2,144.00
Accum. Prov. For Uncollectible Accts - CR (144)		
Plant Materials and Operating Supplies (154)		
Gas stored - Current (164.1)		
Prepayments (165)		
Miscellaneous Current and Accrued Assets (174)		
(174)		
Total Current and Accrued Assets	\$69,225.00	\$64,379.00
DEFERRED DEBITS		
Unamortized Debt Expense (181)		
Extraordinary Property Losses (182.1)		
Miscellaneous Deferred Debits (186)		
Def. Losses From Disposition of Util. Plt. (187)		
Unamort. Loss on Reacquired Debt (189)		
Accum. Deferred Income taxes (190)		
Unrecovered Purchased Gas Costs (191)		
Total Deferred Debits		
TOTAL ASSETS AND OTHER DEBITS	\$328,319.00	\$285,492.00

4600 Johnson County Gas Company, Inc.

Balance Sheet - Liabilities and Other Credits (Ref Pg. 3)

	Balance First of Yr.	Balance End of Yr.
PROPRIETARY CAPITAL		
Capital Stock Issued (201)	\$80,000.00	\$80,000.00
Preferred Stock Issued (204)		
Miscellaneous Paid-In Capital (211)		
Discount on Capital Stock (213)		
Capital Stock Expense (214)		
Appropriated Retained Earnings (215)		
Unappropriated Retained Earnings (216)	(\$2,020,665.00)	(\$2,135,288.00)
Reacquired Capital Stock (217)	(\$164,702.00)	(\$164,702.00)
Total Proprietary Capital	(\$2,105,367.00)	(\$2,219,990.00)
LONG-TERM DEBT		
Bonds (221)		
Advances From Associated Companies (223)		
Other Long-Term Debt (224)	\$1,409,034.00	\$1,409,034.00
Total Long-Term Debt	\$1,409,034.00	\$1,409,034.00
OTHER NONCURRENT LIABILITIES		
Accumulated Provision for Property Insurance (228.1)		
Accumulated Provision for Injuries and Damages (228.2)		
Accumulated Provision for Pensions and Benefits (228.3)		
Accumulated Miscellaneous Operating Provisions (228.4)		
Total Other Noncurrent Liabilities		
CURRENT AND ACCRUED LIABILITIES		
Notes Payable (231)		
Accounts Payable (232)	\$874,688.00	\$956,420.00
Notes Payable to Associated Companies (233)		
Accounts Payable to Associated Companies (234)	\$11,796.00	\$11,796.00
Customer Deposits (235)	\$13,323.00	\$13,548.00
Taxes Accrued (236)	\$102,903.00	\$92,742.00
Interest Accrued (237)	\$21,942.00	\$21,942.00

Miscellaneous Current and Accrued Liabilities (242)		
Total Current and Accrued Liabilities	\$1,024,652.00	\$1,096,448.00
DEFERRED CREDITS		
Customer Advances for Construction (252)		
Other Deferred Credits (253)		
Accum. Deferred Investment Tax Credits (255)		
Accum. Deferred Income Taxes (281-283)		
Total Deferred Credits		
TOTAL LIABILITIES AND OTHER CREDITS	\$328,319.00	\$285,492.00

4600 Johnson County Gas Company, Inc.

Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort. (Ref Pg. 4)

	Amount
Gas Plant In-Service - Classified (From pg 5 line 42) (101)	\$1,196,445.00
Property Under Capital Leases (101.1)	
Gas Plant Purchased or Sold (102)	
Completed Construction Not Classified (106)	
Total	\$1,196,445.00
Gas Plant Leased to Others (104)	
Gas Plant Held for Future Use (105)	
Construction Work in Progress - Gas (107)	
Gas Plant Acquisition Adjustments (114)	
Other Gas Plant Adjustments (116)	
Total Utility Plant (fwd to Balance Sheet pg 1 Utility Plant (101-107,114,116))	\$1,196,445.00
Less:	
Accumulated Provision for Depreciation of Gas Utility Plant (108)	\$975,332.00
Accumulated Provision for Amortization and Depletion of Gas Utility Plant (111)	
Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments (115)	
Total (Forward to Balance Sheet pg 1 Line: Less:(108,111,115))	\$975,332.00
Net Utility Plant (fwd. to Balance Sheet - Line Net Utility Plant)	\$221,113.00
Detail of Accumulated Provision for depreciation, Depletion and Amortization of Gas Utility Plant	
In Service:	
Depreciation	\$975,332.00
Depletion	
Amortization	
Total - In Service	\$975,332.00
Leased to Others:	
Depreciation	
Depletion	
Amortization	
Total - Leased to Others	
Held for Future Use:	

Depreciation	
Amortization	
Total - Held for Future Use	
Amortization of Gas Plant Aquisition Adjustments	
TOTAL ACCUMULATED PROVISIONS (Same as line 15 above)	\$975,332.00

4600 Johnson County Gas Company, Inc.

Gas Utility Plant In Service (Ref Pg. 5)

	Balance First of Year (b)	Additions (c)	Retirements (d)	Adj.- Inc. or Dec (e)	Balance End of Year (f)
Intangible Plant (301-303)					
Gas Prod. Plant (304-363)					
TRANSMISSION PLANT					
Land and land Rights (365.1)					
Rights of Way (365.2)					
Structures and Improvements (366)					
Mains (367)		\$0.00	\$0.00	\$0.00	\$0.00
Compressor Station Equipment (368)					
Measure and Regulating Station Equipment (369)					
Communication Equipment (370)					
Other Equipment (371)					
Total Transmission Plant					
DISTRIBUTION PLANT					
Land and Land Rights (374)					
Structures and Improvements (375)					
Mains (376)	\$1,154,350.00	\$0.00	\$0.00	\$0.00	\$1,154,350.00
Compressor Station Equipment (377)					
Meas. and Regulating Station Equip. General					

(378)					
Meas. and Regulating Station Equip. City Gate (379)					
Services (380)					
Meters (381)					
Meter Installations (382)	\$1,386.00	\$0.00	\$0.00	\$0.00	\$1,386.00
House Regulators (383)					
House Regulator Installations (384)	\$3,832.00	\$0.00	\$0.00	\$0.00	\$3,832.00
Ind. Meas. and Regulating Station Equipment (385)					
Other Prop. On Customers Premises (386)					
Other Equipment (387)					
Total Distribution Plant	\$1,159,568.00	\$0.00	\$0.00	\$0.00	\$1,159,568.00
GENERAL PLANT					
Land and Land Rights (389)	\$0.00				
Structures and Improvements (390)					
Office Furniture and Qipment (391)	\$4,701.00	\$0.00	\$0.00	\$0.00	\$4,701.00
Transportation Equipment (392)	\$24,508.00	\$0.00	\$0.00	\$0.00	\$24,508.00
Stores Equipment (393)	\$0.00				
Tools, Shop and Garage Equipment (394)					
Laboratory Equipment (395)					
Power Operated Equipment (396)					
Communications Equipment (397)					
Miscellaneous					

Equipment (398)					
Other Tangible Plant (399)	\$7,668.00	\$0.00	\$0.00	\$0.00	\$7,668.00
Total General Plant	\$36,877.00	\$0.00	\$0.00	\$0.00	\$36,877.00
TOTAL GAS PLANT IN SERVICE	\$1,196,445.00	\$0.00	\$0.00	\$0.00	\$1,196,445.00

4600 Johnson County Gas Company, Inc.

**Accumulated Provision for Depreciation, Depletion and Amortization of Gas
Utility Plant (Ref Pg. 6)**

	Amount
Balance Beginning of Year	\$937,351.00
Accruals for Year:	
Depreciation	\$37,981.00
Depletion	
Amortiation	
Other Accounts (Detail)	
Total Accruals for Year	\$37,981.00
Credit adjustments (describe) :	
Total Credits for the year	
Book Cost of Plant Ret. (same as Pg 5 line 42)	
Add: Cost of Removal	
Net Charges for Plant Retired	
Less: Salvage	
Net charges for Plant Retired	
Debit Adjustments (describe):	
Total Debit Adjustments for Year	
Balance End of Year	\$975,332.00

4600 Johnson County Gas Company, Inc.

Capital Stock (Ref Pg. 6)

Class and Series (a)	No Shares Auth(b)	Par Val per share (c)	Stated Val of NonPar(d)	Outstanding Shares (e)	Outstanding Amount (f)
COMMON	0	\$0.00	0.0000	0	\$80,000.00

4600 Johnson County Gas Company, Inc.

Long-Term Debt (Ref Pg. 7)

	Class and Series	Orig. Issue Amt	Date of Issue (b)	Date of Maturity (c)	Outstanding Balance (d)	Interest Rate (e)	Interest Amt (f)
List each Original Issue Amount Class and Series of Obligation							
	KY. DEPT. OF LOCAL GOVERNMENT	\$0.00			\$1,269,076.00	0.0000	\$0.00
	COLUMBIA GAS OF KENTUCKY	\$0.00			\$139,958.00	0.0000	\$0.00
Total		\$0.00			\$1,409,034.00	0.0000	\$0.00

4600 Johnson County Gas Company, Inc.

Notes Payable (Ref Pg. 7)

	Name of Payee (a)	Date Of Note (b)	Date of Maturity (c)	Interest Rate (d)	Balance End of Year (e)
Total					

4600 Johnson County Gas Company, Inc.

Interest Accrued (Ref Pg. 7)

	Description of Obligation (a)	Int. Accr. Balance First of Yr (b)	Int. Accr. During Yr (c)	Int. Paid During Yr (d)	Int. Accr. Balance End of Yr (e)
Long Term Debt					
Note Payable					
		\$17,447.00	\$0.00	\$0.00	\$17,447.00
Customer Deposits		\$4,495.00	\$0.00	\$0.00	\$4,495.00
Other					
Total		\$21,942.00	\$0.00	\$0.00	\$21,942.00

4600 Johnson County Gas Company, Inc.

Other Current and Accrued Liabilities (Ref Pg. 8)

	Acct	Description	Amount
Total			

4600 Johnson County Gas Company, Inc.

Statement of Retained Earnings for the Year (Ref Pg. 8)

	Item (a)	acct	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS (216)				
Balance Beginning of Year			(\$2,020,665.00)	(\$1,910,248.00)
Balance Transferred from Income (433)			(\$114,623.00)	(\$110,417.00)
Miscellaneous Credits (specify Acct and Title)				
Total Credits to Unapprop. Retained earnings				
Dividends Declared - Preferred Stock (437)				
Dividends Declared - Common Stock (438)				
Adjustments to Retained Earnings (439)				
Miscellaneous Debits (Specify Acct No. and title)				
Total Debits to Unapprop. Retained Earnings			\$0.00	
Net Addition to Unapprop. Retained Earnings			(\$114,623.00)	(\$110,417.00)
Balance End of Year			(\$2,135,288.00)	(\$2,020,665.00)

4600 Johnson County Gas Company, Inc.

Statement of Income for the Year (Ref Pg. 9)

	Description	Average No. Customers (b)	MFC of Nat. Gas sold (c)	Amount (d)
OPERATING REVENUES				
Residential Sales (480)		289	15,165	\$237,183.00
Commercial and Industrial Sales (481)		16	1,151	\$13,054.00
Interdepartmental Sales (484)				
Total Sales to Ultimate Consumers		305	16,316	\$250,237.00
Sales for Resale (483)				
Total Gas Service Revenues		305	16,316	\$250,237.00
OTHER OPERATING REVENUES				
Forfeited Discounts (487)				
Miscellaneous Service Revenues (488)				
Revenues From Transportation of Gas of Others (489)				
Revenues From Natural Gas Processed by Others (491)				
Rent From Gas Property (493)				
Other Gas Revenues (495)				\$475.00
Total Other Operating Revenues				\$475.00
Total Gas Operating Revenues				\$250,712.00
OPERATING EXPENSES				
Total Gas Operation and Main. Expenses (from pg 11)				\$322,236.00
Depreciation Expense (403)				\$37,981.00
Amortization and Depletion Expense (from pg 12) (404-407)				
Taxes Other Than Income taxes (from pg 12) (408.1)				\$5,118.00
Total Income Taxes-Utility				

Operations (from pg 12)				
Total Gas Operating Expenses				\$365,335.00
Net Operating Income				(\$114,623.00)
OTHER INCOME				
Other NonUtility Income - Net (415-418)				
Interest and dividend Income (419)				
Miscellaneous Nonoperating Income (421)				
Other Accounts (Specify Acct. No & Title)				
Total Other Income				
OTHER DEDUCTIONS				
Interest on Long-Term Debt (427)				
Amort. of Debt Discount and Expense (428)				
Other Nonutility Deductions 426.1- 426.5				
Other Interest Expense (431)				
Total Income Taxes-Nonutility Operations (from pg 12)				
Other Accounts (Specify Acct. No. and Title)				
Taxes Other than Income Taxes 408.2 (from pg 12)				
Total Other Deductions				
Net Income				(\$114,623.00)

4600 Johnson County Gas Company, Inc.

Gas Operation and Maintenance Expenses (Ref Pg. 10)

	Amount (b)
MANUFACTURED GAS PRODUCTION	
Total Acct. 710-742 (Attach Sched by Accounts)	
NATURAL GAS PRODUCTION AND GATHERING	
Total Acct. 750-791 (Attach Sched. by Accounts)	
EXPLORATION AND DEVELOPMENT EXPENSES	
Total Acct. 795-798 (Attach Sched by Accounts)	
STORAGE EXPENSES	
Total Acct. 740-747 (Attach Sched by Account)	
OTHER GAS SUPPLY EXPENSES	
Natural Gas City Gate Purchases (804)	\$134,687.00
Other Gas Purchases (805)	
Purchased Gas Cost Adjustments (805.1)	
Purchased Gas Expenses (807)	
Gas Withdrawn From Storage-Debit (808.1)	
Gas Delivered to Storage-Credit (808.2)	
Gas Used for Other Utility Operations - Credit (812)	
Other Gas Supply Expenses (813)	
Total Other Gas Supply Expenses	\$134,687.00
TRANSMISSION EXPENSES	
Operation Supervision and Engineering (850)	
Compressor Station Labor and Expenses (853)	
Measuring and Regulating Station Expenses (857)	
Transmission and Compression of Gas by Others (858)	
Rents (860)	
Maintenance of Mains (863)	\$17,555.00
Maintenance of Compressor Station Equipment (864)	
Total Transmission Expenses	\$17,555.00
DISTRIBUTION EXPENSES	
Operation Supervision and Engineering (870)	
Compressor Station Labor and Expenses (872)	
Mains and Services Expenses (874)	
Measuring and Regulating Station Expenses (875)	
Meter and House Regulator Expenses (878)	

Other Expenses (880)	\$8,122.00
Rents (881)	\$20,576.00
Maintenance Supervision and Engineering (885)	
Maintenance of Mains (887)	
Maintenance of Services (892)	
Maintenance of Meters and House Regulators (893)	
Maintenance of Other Equipment (894)	
Total Distribution Expenses	\$28,698.00
CUSTOMER ACCOUNTS EXPENSE	
Meter Reading Labor (902)	
Customer Records and Collection Expenses (903)	
Uncollectible Accounts (904)	
Total Customer Accounts Expense	
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
Miscellaneous Customer Service and Informational Expenses (910)	
ADMINISTRATIVE AND GENERAL EXPENSES	
Administrative and General Salaries (920)	
Office Supplies and Expenses (921)	\$2,742.00
Administrative Expenses Transferred - Credit (922)	
Outside Services Employed (923)	\$117,745.00
Property Insurance (924)	\$10,578.00
Injuries and Damages (925)	
Employee Pensions and Benefits (926)	
Franchise Requirements (927)	
Regulatory Commission Expenses (928)	
Duplicate Charges - Credit (929)	
General Advertising Expenses (930.1)	
Miscellaneous General Expenses (930.2)	\$10,231.00
Rents (931)	
Maintenance of General Plant (932)	
Total Administrative and General Expenses	\$141,296.00
TOTAL GAS OPERATION AND MAINT. EXPENSES (to pg 9)	\$322,236.00

4600 Johnson County Gas Company, Inc.

Number of Customers - End of Year (Ref Pg. 11)

	Total
Residential (480)	290
Commercial and Industrial (481)	15
Interdepartmental Sales (484)	
Total - Ultimate Consumer	305
Sales for Resale (483)	
Total Gas Service Customers	305

4600 Johnson County Gas Company, Inc.

Taxes Other Than Income Taxes (408) (Ref Pg. 12)

	Item (a)	Amount (b)
Payroll Taxes		
Public Service Commission Assessment		\$395.00
Other (Specify)		
	KY SALES TAX	\$907.00
	KY LLET TAX	\$350.00
	OTHER TAX & LICENSE	\$3,466.00
Total (Same as pg 9, lines 25 and 48)		\$5,118.00

4600 Johnson County Gas Company, Inc.

Operating and Non-Operating Income Taxes (Ref Pg. 12)

	Amount (c)
Income Taxes, Utility Operating Income - Federal (409.1)	
Income Taxes, Utility Operating Income - State (409.1)	
Income Taxes, Utility Operating Income - Other (409.1)	
Provision for Deferred Income taxes, Utility Operating Income (410.1)	
Provision for Deferred Income Taxes - Credit, Utility Operating Income (411.1)	
Investment Tax Credit Adjustments, Utility Operations (411.4)	
Total Income Taxes - Utility Operat. Income (to pg 9, line 26)	
Income Taxes, Other Income and Deductions - Federal (409.2)	
Income Taxes, Other Income and Deductions - State (409.2)	
Income Taxes, Other Income and Deductions - Other (409.2)	
Provision for Deferred Income Taxes, Other Income and Deductions (410.2)	
Provision for Deferred Income Taxes - Credit, Other Income and Deductions (411.2)	
Investment Tax Credit Adjustments, Other Income and Deductions (411.5)	
Total Income Taxes - Nonutility Op. Income (to pg 9 line 44)	

4600 Johnson County Gas Company, Inc.

Amortization Expense (Ref Pg. 12)

	Amount (c)
Amortization and Depletion of Producing Nat Gas Land and Land Rights (404.1)	
Amortization of Other Gas Plant (405)	
Amortization of Gas Plant Acquisition Adjustments (406)	
Amortization of Property Losses (407.1)	
Amortization of Conversion Expenses (407.2)	
Total Amortization Expense (same pg 9 line 24)	

4600 Johnson County Gas Company, Inc.

Sales for Resale Nat Gas (483) (Ref Pg. 13)

	Utility Name (a)	Point of Delivery (b)	FERC Rate (c)	Appx BTU per cu ft(d)	MCF Gas Sold(e)	Rev for Year(f)	Ave Rev Per MCF (g)
Total							

4600 Johnson County Gas Company, Inc.

Gas Purchases (Accts 804,805) (Ref Pg. 14)

	Name of Vendor (a)	Point of Receipt (b)	FERC rate (c)	(d)	(e)	(f)	(g)	BTU per cu ft (h)	MCF of Gas (i)	Amount (j)	cent/MCF (k)
	BRADCO OIL COMPANY							0	4,352	\$36,992.00	9.0000
	EQT							0	1,379	\$10,566.00	11.0000
	COLUMBIA							0	11,812	\$87,129.00	7.0000
Total								0	17,543	\$134,687.00	8.0000

4600 Johnson County Gas Company, Inc.

Gas Account - Natural Gas (Ref Pg. 15)

	MCF (14.73 psia at 60F)
GAS RECEIVED	
Natural Gas Produced	
Purchases:	
Natural Gas Purchases (804)	17,543
Other Gas Purchases (805)	
Other Receipts: (Specify)	
Total Receipts	17,543
GAS DELIVERED	
Natural Gas Sales (same as pg 9 col c line 9)	16,316
Other Deliveries: (Specify)	
Total Deliveries	16,316
Unaccounted for Gas	1,227
Natural Gas Used by Respondent	
Total Deliveries and Unaccounted For	17,543



KY Public Service Commission

**Utility Type: Gas Distribution Companies Period:
1/1/2007**

Johnson County Gas Company, Inc.

- Title Page
- Principal Payment and Interest Information
- Services Performed by Independent CPA
- Additional Information Required
- General Information 1 - 3
- General Information 4,5
- General Information 6.
- General Information 7.
- General Information 8.
- Principal Officers
- Balance Sheet - Assets and Other Debts
- Balance Sheet - Liabilities and Other Credits
- Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort.
- Gas Utility Plant In Service
- Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant
- Capital Stock
- Long-Term Debt
- Notes Payable
- Interest Accrued
- Other Current and Accrued Liabilities
- Statement of Retained Earnings for the Year
- Statement of Income for the Year
- Gas Operation and Maintenance Expenses
- Number of Customers - End of Year
- Taxes Other Than Income Taxes (408)
- Operating and Non-Operating Income Taxes
- Amortization Expense
- Sales for Resale Nat Gas (483)
- Gas Purchases (Accts 804,805)
- Gas Account - Natural Gas

4600 Johnson County Gas Company, Inc.**Number of Customers - End of Year (Ref Pg. 11)**

	Total
Residential (480)	302
Commercial and INdustrial (481)	16
Interdepartmental Sales (484)	
Total - Ultimate Consumer	318
Sales for Resale (483)	
Total Gas Service Customers	318

4600 Johnson County Gas Company, Inc.

Gas Purchases (Accts 804,805) (Ref Pg. 14)

	Name of Vendor (a)	Point of Receipt (b)	FERC rate (c)	(d)	(e)	(f)	(g)	BTU per cu ft (h)	MCF of Gas (i)	Amount (j)	cent/MCF (k)
	ATMOS ENERGY							0	6,772	\$58,889.00	9.0000
	CONSTELLATION NEW ENERGY							0	4,609	\$37,021.00	8.0000
	EQUITABLE ENERGY LLC							0	309	\$3,463.00	11.0000
	BRADCO OIL CO							0	3,852	\$26,964.00	7.0000
Total								0	15,542	\$126,337.00	0.0000

4600 Johnson County Gas Company, Inc.

Gas Account - Natural Gas (Ref Pg. 15)

	MCF (14.73 psia at 60F)
GAS RECEIVED	
Natural Gas Produced	
Purchases:	
Natural Gas Purchases (804)	15,542
Other Gas Purchases (805)	
Other Receipts: (Specify)	
Total Receipts	15,542
GAS DELIVERED	
Natural Gas Sales (same as pg 9 col c line 9)	15,542
Other Deliveries: (Specify)	
Total Deliveries	15,542
Unaccounted for Gas	
Natural Gas Used by Respondent	
Total Deliveries and Unaccounted For	15,542

KY Public Service Commission

**Utility Type: Gas Distribution Companies Period:
1/1/2008**

Johnson County Gas Company, Inc.

- Title Page
- Principal Payment and Interest Information
- Services Performed by Independent CPA
- Additional Information Required
- General Information 1 - 3
- General Information 4,5
- General Information 6.
- General Information 7.
- General Information 8.
- Principal Officers
- Balance Sheet - Assets and Other Debts
- Balance Sheet - Liabilities and Other Credits
- Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort.
- Gas Utility Plant In Service
- Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant
- Capital Stock
- Long-Term Debt
- Notes Payable
- Interest Accrued
- Other Current and Accrued Liabilities
- Statement of Retained Earnings for the Year
- Statement of Income for the Year
- Gas Operation and Maintenance Expenses
- Number of Customers - End of Year
- Taxes Other Than Income Taxes (408)
- Operating and Non-Operating Income Taxes
- Amortization Expense
- Sales for Resale Nat Gas (483)
- Gas Purchases (Accts 804,805)
- Gas Account - Natural Gas

4600 Johnson County Gas Company, Inc.

Number of Customers - End of Year (Ref Pg. 11)

	Total
Residential (480)	
Commercial and Industrial (481)	
Interdepartmental Sales (484)	
Total - Ultimate Consumer	
Sales for Resale (483)	
Total Gas Service Customers	

4600 Johnson County Gas Company, Inc.

Gas Purchases (Accts 804,805) (Ref Pg. 14)

	Name of Vendor (a)	Point of Receipt (b)	FERC rate (c)	(d)	(e)	(f)	(g)	BTU per cu ft (h)	MCF of Gas (i)	Amount (j)	cent/MCF (k)
	Constellation New Energy							0	12,636	\$133,622.00	11.0000
	Bradco Oil Company							0	4,451	\$34,495.00	8.0000
	Equitable Energy LLC							0	2,581	\$26,424.00	10.0000
Total								0	19,668	\$194,541.00	0.0000

4600 Johnson County Gas Company, Inc.

Gas Account - Natural Gas (Ref Pg. 15)

	MCF (14.73 psia at 60F)
GAS RECEIVED	
Natural Gas Produced	
Purchases:	
Natural Gas Purchases (804)	19,668
Other Gas Purchases (805)	
Other Receipts: (Specify)	
Total Receipts	19,668
GAS DELIVERED	
Natural Gas Sales (same as pg 9 col c line 9)	17,153
Other Deliveries: (Specify)	
Total Deliveries	17,153
Unaccounted for Gas	2,515
Natural Gas Used by Respondent	
Total Deliveries and Unaccounted For	19,668

KY Public Service Commission

**Utility Type: Gas Distribution Companies Period:
1/1/2009**

Johnson County Gas Company, Inc.

- Title Page
- Principal Payment and Interest Information
- Services Performed by Independent CPA
- Additional Information Required
- General Information 1 - 3
- General Information 4,5
- General Information 6.
- General Information 7.
- General Information 8.
- Principal Officers
- Balance Sheet - Assets and Other Debts
- Balance Sheet - Liabilities and Other Credits
- Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort.
- Gas Utility Plant In Service
- Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant
- Capital Stock
- Long-Term Debt
- Notes Payable
- Interest Accrued
- Other Current and Accrued Liabilities
- Statement of Retained Earnings for the Year
- Statement of Income for the Year
- Gas Operation and Maintenance Expenses
- Number of Customers - End of Year
- Taxes Other Than Income Taxes (408)
- Operating and Non-Operating Income Taxes
- Amortization Expense
- Sales for Resale Nat Gas (483)
- Gas Purchases (Accts 804,805)
- Gas Account - Natural Gas

4600 Johnson County Gas Company, Inc.

Number of Customers - End of Year (Ref Pg. 11)

	Total
Residential (480)	303
Commercial and Industrial (481)	16
Interdepartmental Sales (484)	
Total - Ultimate Consumer	319
Sales for Resale (483)	
Total Gas Service Customers	319

4600 Johnson County Gas Company, Inc.

Gas Purchases (Accts 804,805) (Ref Pg. 14)

	Name of Vendor (a)	Point of Receipt (b)	FERC rate (c)	(d)	(e)	(f)	(g)	BTU per cu ft (h)	MCF of Gas (i)	Amount (j)	cent/MCF (k)
	BRADCO OIL COMPANY	HAGER HILL, KY						0	4,053	\$31,571.00	8.0000
	EQUITABLE	HAGER HILL, KY						0	1,496	\$13,520.00	9.0000
	TECO POOL	HAGER HILL, KY						0	12,686	\$64,371.00	5.0000
Total								0	18,235	\$109,462.00	0.0000

4600 Johnson County Gas Company, Inc.

Gas Account - Natural Gas (Ref Pg. 15)

	MCF (14.73 psia at 60F)
GAS RECEIVED	
Natural Gas Produced	
Purchases:	
Natural Gas Purchases (804)	18,235
Other Gas Purchases (805)	
Other Receipts: (Specify)	
Total Receipts	18,235
GAS DELIVERED	
Natural Gas Sales (same as pg 9 col c line 9)	16,961
Other Deliveries: (Specify)	
Total Deliveries	16,961
Unaccounted for Gas	1,274
Natural Gas Used by Respondent	
Total Deliveries and Unaccounted For	18,235

KY Public Service Commission

**Utility Type: Gas Distribution Companies Period:
1/1/2010**

Johnson County Gas Company, Inc.

- Title Page
- Principal Payment and Interest Information
- Services Performed by Independent CPA
- Additional Information Required
- General Information 1 - 3
- General Information 4,5
- General Information 6.
- General Information 7.
- General Information 8.
- Principal Officers
- Balance Sheet - Assets and Other Debts
- Balance Sheet - Liabilities and Other Credits
- Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort.
- Gas Utility Plant In Service
- Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant
- Capital Stock
- Long-Term Debt
- Notes Payable
- Interest Accrued
- Other Current and Accrued Liabilities
- Statement of Retained Earnings for the Year
- Statement of Income for the Year
- Gas Operation and Maintenance Expenses
- Number of Customers - End of Year
- Taxes Other Than Income Taxes (408)
- Operating and Non-Operating Income Taxes
- Amortization Expense
- Sales for Resale Nat Gas (483)
- Gas Purchases (Accts 804,805)
- Gas Account - Natural Gas

4600 Johnson County Gas Company, Inc.**Number of Customers - End of Year (Ref Pg. 11)**

	Total
Residential (480)	305
Commercial and INdustrial (481)	16
Interdepartmental Sales (484)	
Total - Ultimate Consumer	321
Sales for Resale (483)	
Total Gas Service Customers	321

4600 Johnson County Gas Company, Inc.

Gas Purchases (Accts 804,805) (Ref Pg. 14)

	Name of Vendor (a)	Point of Receipt (b)	FERC rate (c)	(d)	(e)	(f)	(g)	BTU per cu ft (h)	MCF of Gas (i)	Amount (j)	cent/MCF (k)
	BRADCO							0	3,750	\$31,875.00	9.0000
	EQT							0	1,278	\$14,611.00	11.0000
	COLUMBIA							0	10,956	\$93,126.00	9.0000
Total								0	15,984	\$139,612.00	9.0000

4600 Johnson County Gas Company, Inc.

Gas Account - Natural Gas (Ref Pg. 15)

	MCF (14.73 psia at 60F)
GAS RECEIVED	
Natural Gas Produced	
Purchases:	
Natural Gas Purchases (804)	15,984
Other Gas Purchases (805)	
Other Receipts: (Specify)	
Total Receipts	15,984
GAS DELIVERED	
Natural Gas Sales (same as pg 9 col c line 9)	15,984
Other Deliveries: (Specify)	
Total Deliveries	15,984
Unaccounted for Gas	
Natural Gas Used by Respondent	
Total Deliveries and Unaccounted For	15,984

KY Public Service Commission

**Utility Type: Gas Distribution Companies Period:
1/1/2011**

Johnson County Gas Company, Inc.

- Title Page
- Principal Payment and Interest Information
- Services Performed by Independent CPA
- Additional Information Required
- General Information 1 - 3
- General Information 4,5
- General Information 6.
- General Information 7.
- General Information 8.
- Principal Officers
- Balance Sheet - Assets and Other Debts
- Balance Sheet - Liabilities and Other Credits
- Analysis of Gas Utility Plant and Accumulated Provisions for Depr., Depletion and Amort.
- Gas Utility Plant In Service
- Accumulated Provision for Depreciation, Depletion and Amortization of Gas Utility Plant
- Capital Stock
- Long-Term Debt
- Notes Payable
- Interest Accrued
- Other Current and Accrued Liabilities
- Statement of Retained Earnings for the Year
- Statement of Income for the Year
- Gas Operation and Maintenance Expenses
- Number of Customers - End of Year
- Taxes Other Than Income Taxes (408)
- Operating and Non-Operating Income Taxes
- Amortization Expense
- Sales for Resale Nat Gas (483)
- Gas Purchases (Accts 804,805)
- Gas Account - Natural Gas

4600 Johnson County Gas Company, Inc.**Number of Customers - End of Year (Ref Pg. 11)**

	Total
Residential (480)	290
Commercial and Industrial (481)	15
Interdepartmental Sales (484)	
Total - Ultimate Consumer	305
Sales for Resale (483)	
Total Gas Service Customers	305

4600 Johnson County Gas Company, Inc.

Gas Purchases (Accts 804,805) (Ref Pg. 14)

	Name of Vendor (a)	Point of Receipt (b)	FERC rate (c)	(d)	(e)	(f)	(g)	BTU per cu ft (h)	MCF of Gas (i)	Amount (j)	cent/MCF (k)
	BRADCO OIL COMPANY							0	4,352	\$36,992.00	9.0000
	EQT							0	1,379	\$10,566.00	11.0000
	COLUMBIA							0	11,812	\$87,129.00	7.0000
Total								0	17,543	\$134,687.00	8.0000

4600 Johnson County Gas Company, Inc.

Gas Account - Natural Gas (Ref Pg. 15)

	MCF (14.73 psia at 60F)
GAS RECEIVED	
Natural Gas Produced	
Purchases:	
Natural Gas Purchases (804)	17,543
Other Gas Purchases (805)	
Other Receipts: (Specify)	
Total Receipts	17,543
GAS DELIVERED	
Natural Gas Sales (same as pg 9 col c line 9)	16,316
Other Deliveries: (Specify)	
Total Deliveries	16,316
Unaccounted for Gas	1,227
Natural Gas Used by Respondent	
Total Deliveries and Unaccounted For	17,543

4600 Johnson County Gas Company, Inc.

Gas Operation and Maintenance Expenses (Ref Pg. 10)

	Amount (b)
MANUFACTURED GAS PRODUCTION	
Total Acct. 710-742 (Attach Sched by Accounts)	
NATURAL GAS PRODUCTION AND GATHERING	
Total Acct. 750-791 (Attach Sched. by Accounts)	
EXPLORATION AND DEVELOPMENT EXPENSES	
Total Acct. 795-798 (Attach Sched by Accounts)	
STORAGE EXPENSES	
Total Acct. 740-747 (Attach Sched by Account)	
OTHER GAS SUPPLY EXPENSES	
Natural Gas City Gate Purchases (804)	\$134,687.00
Other Gas Purchases (805)	
Purchased Gas Cost Adjustments (805.1)	
Purchased Gas Expenses (807)	
Gas Withdrawn From Storage-Debit (808.1)	
Gas Delivered to Storage-Credit (808.2)	
Gas Used for Other Utility Operations - Credit (812)	
Other Gas Supply Expenses (813)	
Total Other Gas Supply Expenses	\$134,687.00
TRANSMISSION EXPENSES	
Operation Supervision and Engineering (850)	
Compressor Station Labor and Expenses (853)	
Measuring and Regulating Station Expenses (857)	
Transmission and Compression of Gas by Others (858)	
Rents (860)	
Maintenance of Mains (863)	\$17,555.00
Maintenance of Compressor Station Equipment (864)	
Total Transmission Expenses	\$17,555.00
DISTRIBUTION EXPENSES	
Operation Supervision and Engineering (870)	
Compressor Station Labor and Expenses (872)	
Mains and Services Expenses (874)	
Measuring and Regulating Station Expenses (875)	
Meter and House Regulator Expenses (878)	

Other Expenses (880)	\$8,122.00
Rents (881)	\$20,576.00
Maintenance Supervision and Engineering (885)	
Maintenance of Mains (887)	
Maintenance of Services (892)	
Maintenance of Meters and House Regulators (893)	
Maintenance of Other Equipment (894)	
Total Distribution Expenses	\$28,698.00
CUSTOMER ACCOUNTS EXPENSE	
Meter Reading Labor (902)	
Customer Records and Collection Expenses (903)	
Uncollectible Accounts (904)	
Total Customer Accounts Expense	
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
Miscellaneous Customer Service and Informational Expenses (910)	
ADMINISTRATIVE AND GENERAL EXPENSES	
Administrative and General Salaries (920)	
Office Supplies and Expenses (921)	\$2,742.00
Administrative Expenses Transferred - Credit (922)	
Outside Services Employed (923)	\$117,745.00
Property Insurance (924)	\$10,578.00
Injuries and Damages (925)	
Employee Pensions and Benefits (926)	
Franchise Requirements (927)	
Regulatory Commission Expenses (928)	
Duplicate Charges - Credit (929)	
General Advertising Expenses (930.1)	
Miscellaneous General Expenses (930.2)	\$10,231.00
Rents (931)	
Maintenance of General Plant (932)	
Total Administrative and General Expenses	\$141,296.00
TOTAL GAS OPERATION AND MAINT. EXPENSES (to pg 9)	\$322,236.00

3600 B & H Gas Company

Gas Operation and Maintenance Expenses (Ref Pg. 10)

	Amount (b)
MANUFACTURED GAS PRODUCTION	
Total Acct. 710-742 (Attach Sched by Accounts)	
NATURAL GAS PRODUCTION AND GATHERING	
Total Acct. 750-791 (Attach Sched. by Accounts)	
EXPLORATION AND DEVELOPMENT EXPENSES	
Total Acct. 795-798 (Attach Sched by Accounts)	
STORAGE EXPENSES	
Total Acct. 740-747 (Attach Sched by Account)	
OTHER GAS SUPPLY EXPENSES	
Natural Gas City Gate Purchases (804)	\$103,236.00
Other Gas Purchases (805)	
Purchased Gas Cost Adjustments (805.1)	
Purchased Gas Expenses (807)	
Gas Withdrawn From Storage-Debit (808.1)	
Gas Delivered to Storage-Credit (808.2)	
Gas Used for Other Utility Operations - Credit (812)	
Other Gas Supply Expenses (813)	
Total Other Gas Supply Expenses	\$103,236.00
TRANSMISSION EXPENSES	
Operation Supervision and Engineering (850)	
Compressor Station Labor and Expenses (853)	
Measuring and Regulating Station Expenses (857)	
Transmission and Compression of Gas by Others (858)	
Rents (860)	
Maintenance of Mains (863)	
Maintenance of Compressor Station Equipment (864)	
Total Transmission Expenses	
DISTRIBUTION EXPENSES	
Operation Supervision and Engineering (870)	\$18,010.00
Compressor Station Labor and Expenses (872)	
Mains and Services Expenses (874)	
Measuring and Regulating Station Expenses (875)	
Meter and House Regulator Expenses (878)	
Other Expenses (880)	

Rents (881)	\$20,359.00
Maintenance Supervision and Engineering (885)	
Maintenance of Mains (887)	\$36,031.00
Maintenance of Services (892)	
Maintenance of Meters and House Regulators (893)	
Maintenance of Other Equipment (894)	
Total Distribution Expenses	\$74,400.00
CUSTOMER ACCOUNTS EXPENSE	
Meter Reading Labor (902)	
Customer Records and Collection Expenses (903)	
Uncollectible Accounts (904)	
Total Customer Accounts Expense	
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
Miscellaneous Customer Service and Informational Expenses (910)	
ADMINISTRATIVE AND GENERAL EXPENSES	
Administrative and General Salaries (920)	\$22,950.00
Office Supplies and Expenses (921)	\$3,499.00
Administrative Expenses Transferred - Credit (922)	
Outside Services Employed (923)	
Property Insurance (924)	\$10,578.00
Injuries and Damages (925)	
Employee Pensions and Benefits (926)	
Franchise Requirements (927)	
Regulatory Commission Expenses (928)	
Duplicate Charges - Credit (929)	
General Advertising Expenses (930.1)	
Miscellaneous General Expenses (930.2)	\$15,889.00
Rents (931)	
Maintenance of General Plant (932)	
Total Administrative and General Expenses	\$52,916.00
TOTAL GAS OPERATION AND MAINT. EXPENSES (to pg 9)	\$230,552.00

Heating Degree Days : Bowling Green, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010
Source: www.degreedays.net (using temperature data from www.wunderground.com)
Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much figure was affected (0% is best, 100% is worst)
Station: BOWLING GREEN-WARREN CO RGNL, KY, US (86.42W,36.96N)
Station ID: KBWG

Month starting	HDD	% Estimated	30-year normals
5/1/2012	26	0.06	73
6/1/2012	24	0.4	4
7/1/2012	0	0.3	0
8/1/2012	9	0.3	1
9/1/2012	59	0.2	35
10/1/2012	282	0.4	229
11/1/2012	566	0.2	503
12/1/2012	586	0.3	824
1/1/2013	782	0.2	907
2/1/2013	686	0.3	710
3/1/2013	691	0.1	513
4/1/2013	265	0.1	251
Total	3976		4050

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Louisville, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010
Source: www.degreedays.net (using temperature data from www.wunderground.com)
Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)
Station: STANDIFORD FIELD, KY, US (85.74W,38.17N)
Station ID: KSDF

Month starting	HDD	% Estimated	30-year normals
5/1/2012	28	0	75
6/1/2012	19	0.07	6
7/1/2012	0	0.03	0
8/1/2012	4	0	1
9/1/2012	56	0	34
10/1/2012	295	0.06	228
11/1/2012	580	0	513
12/1/2012	638	0.1	863
1/1/2013	835	0.03	953
2/1/2013	768	0.07	755
3/1/2013	747	0.06	557
4/1/2013	270	0	263
Total	4240		4248

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Owensboro, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010
Source: www.degreedays.net (using temperature data from www.wunderground.com)
Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)
Station: Owensboro, Owensboro-Daviess County Airport, KY, US (87.17W,37.74N)
Station ID: KOWB

Month starting	HDD	% Estimated	30-year normals
5/1/2012	31	0	62
6/1/2012	23	0.1	4
7/1/2012	0	0.1	0
8/1/2012	9	0.1	1
9/1/2012	62	2	78
10/1/2012	305	0.7	296
11/1/2012	600	0.3	637
12/1/2012	644	0.2	858
1/1/2013	872	0.3	902
2/1/2013	760	0.6	776
3/1/2013	731	0.3	585
4/1/2013	275	0.07	255
Total	4312		4454

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Cinn. Airport

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010

Source: www.degreedays.net (using temperature data from www.wunderground.com)

Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)

Station: CINCINNATI/NORTHERN KY INTERNATIONAL, KY, US (84.67W,39.04N)

Station ID: KY-CVG-APT

Month starting	HDD	% Estimated	30-year normals
5/1/2012	60	0.1	118
6/1/2012	33	0.2	28
7/1/2012	0	0.2	1
8/1/2012	12	0.1	4
9/1/2012	97	0.1	81
10/1/2012	375	0.4	413
11/1/2012	678	0.2	621
12/1/2012	759	0.1	932
1/1/2013	952	0.2	1090
2/1/2013	894	0.1	916
3/1/2013	857	0.2	692
4/1/2013	350	0.2	328
Total	5067		5224

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Pikeville, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010
Source: www.degreedays.net (using temperature data from www.wunderground.com)
Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)
Station: Pikeville, KY (82.52W,37.53N)
Station ID: KKYPPIKEV1

Month starting	HDD	% Estimated	30-year normals
5/1/2012	77	0	139
6/1/2012	24	0	15
7/1/2012	10	0	5
8/1/2012	18	0	15
9/1/2012	99	0	132
10/1/2012	447	0	321
11/1/2012	747	0	788
12/1/2012	776	0	942
1/1/2013	938	0	1018
2/1/2013	836	0	847
3/1/2013	855	4	746
4/1/2013	350	0	365
Total	5177		5333

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Ashland, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010
Source: www.degreedays.net (using temperature data from www.wunderground.com)
Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)
Station: Ashland, KY (82.68W,37.77N)
Station ID: KKYPPIKEV1

Month starting	HDD	% Estimated	30-year normals
5/1/2012	71	0	133
6/1/2012	22	0	16
7/1/2012	14	0	7
8/1/2012	18	0	17
9/1/2012	121	0	139
10/1/2012	458	0	331
11/1/2012	747	0	794
12/1/2012	783	0	961
1/1/2013	927	0	1030
2/1/2013	839	0	858
3/1/2013	871	4	752
4/1/2013	362	0	373
Total	5233		5411

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Danville, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010

Source: www.degreedays.net (using temperature data from www.wunderground.com)

Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)

Station: APRSWXNET Danville KY US, Danville, KY, US (84.72W,37.65N)

Station ID: MC5257

Month starting	HDD	% Estimated	30-year normals
5/1/2012	65	0	78
6/1/2012	47	7	6
7/1/2012	2	0	0
8/1/2012	29	0	1
9/1/2012	82	0	75
10/1/2012	338	0	303
11/1/2012	660	0	778
12/1/2012	669	0	807
1/1/2013	865	0	983
2/1/2013	778	0	784
3/1/2013	818	3	638
4/1/2013	320	0	316
Total	4673		4769

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Harlan, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010

Source: www.degreedays.net (using temperature data from www.wunderground.com)

Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)

Station: Harlan, KY, US (83.36W,36.86N)

Station ID: K135

Month starting	HDD	% Estimated	30-year normals
5/1/2012	87	0	115
6/1/2012	65	0	39
7/1/2012	0	9	0
8/1/2012	10	26	5
9/1/2012	116	4	48
10/1/2012	400	0	275
11/1/2012	669	0	591
12/1/2012	679	0	957
1/1/2013	797	0	1023
2/1/2013	749	0	789
3/1/2013	779	0	635
4/1/2013	<u>307</u>	<u>0</u>	<u>311</u>
Total	4658		4788

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Prestonsburg, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010

Source: www.degreedays.net (using temperature data from www.wunderground.com)

Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)

Station: Prestonsburg, KY, US (82.64W, 37.75N)

Station ID: KKY22

Month starting	HDD	% Estimated	30-year normals
5/1/2012	47	0	3
6/1/2012	26	0	6
7/1/2012	0	0	0
8/1/2012	18	0	5
9/1/2012	96	0	110
10/1/2012	339	0	298
11/1/2012	617	0	685
12/1/2012	641	0	816
1/1/2013	826	0	914
2/1/2013	764	0	839
3/1/2013	767	4	596
4/1/2013	276	0	255
Total	4370		4527

BizEE Degree Days / Weather Underground @ wunderground.com

Heating Degree Days : Paintsville, Kentucky

Description: Fahrenheit-based heating degree days for a base temperature of 65F for the most recent 12 months and 30-year normals for 1981 - 2010

Source: www.degreedays.net (using temperature data from www.wunderground.com)

Accuracy: Estimates were made to account for missing data: the "% Estimated" column shows how much each figure was affected (0% is best, 100% is worst)

Station: Paintsville, KY, US (82.65W,37.86N)

Station ID: KYPAINT1

Month starting	HDD	% Estimated	30-year normals
5/1/2012	97	0	123
6/1/2012	14	0	13
7/1/2012	6	0	1
8/1/2012	10	0	2
9/1/2012	45	0	57
10/1/2012	398	0	304
11/1/2012	487	0	581
12/1/2012	804	0	886
1/1/2013	821	0	970
2/1/2013	646	0	792
3/1/2013	815	4	597
4/1/2013	289	0	308
Total	4432		4634

BizEE Degree Days / Weather Underground @ wunderground.com

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOHNSON COUNTY GAS COMPANY,)
INC. AND BUD RIFE, INDIVIDUALLY AND)
AS SOLE OFFICER OF THE UTILITY)
_____)

CASE NO.
2004-00072

ALLEGED VIOLATIONS OF)
COMMISSION ORDER)
)

O R D E R

Johnson County Gas Company, Inc. ("Johnson County Gas") is a local gas distribution company subject to the Commission's jurisdiction pursuant to KRS 278.040. As part of a settlement in the Federal Energy Regulatory Commission ("FERC") Docket Nos. TQ89-1-46-000, et al., Johnson County Gas, and several other small Kentucky gas utilities were authorized to charge a surcharge to their customers to pay past due amounts owed to Kentucky-West Virginia Gas Company ("Kentucky-West"). The surcharge was intended to discharge a debt owed by each of the companies over a 10-year amortization period, beginning in 1991; however, the settlement allowed for a 5-year extension to the original 10-year amortization period.

On May 6, 1999, Johnson County Gas filed an application for a rate adjustment pursuant to 807 KAR 5:076, the Commission's alternative rate filing procedure, and the

case was docketed as Case No. 1999-00155.¹ Commission Staff performed a limited financial review of the operations of Johnson County Gas for the test year ending December 31, 1998. As a result of that review, the Order in Case No. 1999-00155 required Johnson County Gas to deposit all Kentucky-West surcharge revenues into a separate interest-bearing account ("surcharge account"). Johnson County Gas was to make all payments to Kentucky-West from that account and was further ordered to use any excess surcharge revenues not required to pay current billings to pay past-due amounts billed by Kentucky-West. Any excess amounts collected were to accumulate in the bank account to be paid to Kentucky-West at the end of the amortization period.

In April 2003, Johnson County Gas was requested by Staff to provide information regarding the current status of its payments under the terms of the FERC settlement and the status of the surcharge account. As a result of that report and further review by Staff, it was determined that Johnson County Gas had not made monthly deposits as ordered. Nor had the utility remitted excess surcharge revenues to Kentucky-West. Staff's review also revealed funds were transferred from the surcharge account to another Johnson County Gas account.

Johnson County Gas and Bud Rife, personally and as sole officer of Johnson County Gas, were ordered to appear before the Commission on April 27, 2004, for the purpose of presenting evidence concerning their alleged failure to deposit surcharge proceeds into a surcharge account and to make payments pursuant to the Order of

¹ Case No. 1999-00155, Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order of September 1, 1999.

September 1, 1999. Neither Johnson County Gas nor Bud Rife filed any response as directed in the Order.

A formal hearing was held before the Commission on April 27, 2004. Upon convening the hearing, the Commission noted that both Johnson County Gas and Mr. Rife were properly notified of the hearing, but that no one was present for Johnson County Gas or Mr. Rife.

Beverly Davis of the Commission's Financial Audit Branch testified that Johnson County Gas reported surcharge collections of \$26,754.05 for 2000, 2001, and 2002 but deposited only \$20,184.86 into the surcharge account during that time. She reported that payments of \$8,683.09 were made to Kentucky-West for that time period. She reported that surcharge revenues of \$6,366.21 were billed during 2003 through the time of the field visit in October; however, no deposits were made into the surcharge account during that same time, and no disbursements to Kentucky-West were made from the account. She stated that Johnson County Gas has reported total surcharge collections of \$117,473.00 for 1992 through the end of 2002 and that payments to Kentucky-West through that time totaled \$59,418.75, for a difference of \$58,054.25. Ms. Davis also testified that a field visit had been scheduled for March 31 through April 2, 2004 with the office employee at Johnson County Gas. She testified that in a subsequent telephone conversation, Mr. Rife cancelled the field visit and said he was holding the records and would not allow Staff access to the records of Johnson County Gas.

The hearing was suspended after approximately 15 minutes because Mr. Rife called the Commission indicating that he was en route. When Mr. Rife appeared, he was not represented by an attorney and was advised that he could not represent

Johnson County Gas but could ask questions of witnesses and testify on his own behalf.

Mr. Rife was sworn in and testified that he had not retained an attorney for Johnson County Gas because the company needed money for other purposes. He said he has lost 150 customers due to high gas prices. He said Johnson County Gas does not make much money and it has always struggled financially. He said he spends money where it is needed and pays Kentucky-West when he can. Mr. Rife stated that Kentucky-West had not sent bills for several months during 2002 because they had overbilled Johnson County Gas. He said he owns an unregulated construction company that provides financial support to both Johnson County Gas and B & H Gas Company, another LDC owned by Mr. Rife. He indicated that he is paid for operating Johnson County Gas, including seeing to its billing, accounting, meter reading, and all other aspects of operation except construction. Mr. Rife questioned Ms. Davis regarding his last rate case² and elicited testimony regarding the fact that he could have justified a higher rate in his last rate case but did not request the entire amount because he was afraid of losing customers.

Mr. Rife admitted that he had not deposited surcharge revenues from his customers as required by the Order in Case No. 1999-00155 and that he had used surcharge revenues for purposes other than payment of Kentucky-West. Mr. Rife testified that the financial difficulties of Johnson County Gas resulted from a \$30,000

² Case No. 1999-00155. While the Commission found in that case that Johnson County Gas had requested rates smaller than necessary for fear of losing customers, the Commission also directed Johnson County Gas to monitor its financial situation and report to the Commission if its cash flow was not sufficient to meet its obligations.

property loss due to fire and gas loss attributable to lines broken by sewer construction and lines washed out during flooding. Mr. Rife indicated these problems compelled him to use surcharge revenues for operations. When asked how Johnson County Gas will fund the remaining obligation to Kentucky-West after it is required to discontinue surcharge collections from its customers, Mr. Rife testified he will use revenues from other sources as he has always done.

The Commission reminds Johnson County Gas and Bud Rife that Johnson County Gas is required to pay a surcharge to Kentucky-West as approved by FERC as part of a settlement in Docket Nos. TQ89-1-46-000, et al. That surcharge is intended to discharge a debt for unrecovered gas costs over a 10-year amortization period begun in 1991. If not paid by the end of the initial period, the agreement provides for an automatic 5-year extension through 2005. Since that debt has not been discharged, the automatic extension period is now in effect. The settlement provides that any balance outstanding at the end of the extension period will be billed as a lump sum. Johnson County Gas had an initial debt of \$136,913.01. When total surcharge revenues from the customers of Johnson County Gas equal the amount of the initial debt, Johnson County Gas must stop billing its customers for the surcharge.

Mr. Rife was questioned by Staff concerning a lack of cooperation in scheduling a field visit to examine the records of Johnson County Gas and its affiliated company, B & H Gas Company. It was agreed that a field visit by Commission Staff is scheduled to begin June 1, 2004, at 11:00 a.m., Eastern Daylight Time. Mr. Rife agreed to be present and have all records available to Staff at the office of Johnson County Gas.

Having reviewed the evidence of record that was presented in the formal hearing and being otherwise sufficiently advised, the Commission finds that:

1. The Order in Case No. 1999-00155 dated September 1, 1999 is a final Order from which all rights of appeal have been exhausted.
2. Bud Rife is the sole officer of Johnson County Gas.
3. Johnson County Gas did not file a written response with the Commission concerning the allegations within 20 days of the date of the March 17, 2004 Order.
4. Bud Rife did not file a written response with the Commission concerning the allegations within 20 days of the date of the March 17, 2004 Order.
5. Johnson County Gas is in willful violation of the Commission's Order of September 1, 1999, in that it has not deposited all surcharge proceeds into the surcharge account, it has not remitted to Kentucky-West excess surcharge revenues for past due amounts, and it has not accumulated excess surcharge revenues in the surcharge account.
6. Bud Rife at all times herein was acting as an officer of the utility within the scope of his employment and has willfully aided and abetted Johnson County Gas in the willful violation of the Commission's Order of September 1, 1999 by not depositing all surcharge proceeds into the surcharge account; by not remitting to Kentucky-West its excess surcharge revenues; and by not accumulating its excess surcharge revenues in the surcharge account.

The Commission, on its own motion, HEREBY ORDERS that:

1. Johnson County Gas is assessed a civil penalty of \$2,500.00 for each of the three violations, for a total of \$7,500.00. However, the entire civil penalty assessed

upon Johnson County Gas is suspended for a period of one year upon completion of the conditions set out herein. If any of the conditions are not met, the entire suspended penalty shall become due and payable.

a. Johnson County Gas shall deposit all surcharge revenues from its customers into the surcharge account, with deposits being made on at least a monthly basis.

b. Johnson County Gas shall not use the surcharge revenues collected from its customers for any purpose other than payment of the Kentucky-West FERC surcharge obligation.

c. Johnson County Gas shall pay amounts invoiced by Kentucky-West for the FERC surcharge from the surcharge account by the due date or within 30 days of the invoice, whichever is earliest.

d. Within 30 days of the date of this Order, Johnson County Gas shall provide a report detailing the amount Johnson County Gas has billed and the amounts collected in surcharge revenues from its customers for each month of the period of January 2003 through March 2004. The report shall also state the amount paid to Kentucky-West and the amount invoiced by Kentucky-West for the FERC surcharge for each month of the same time period, and the balance of the total remaining outstanding obligation of Johnson County Gas to Kentucky-West as of March 31, 2004. Additionally, the report shall state the amount deposited into the surcharge account each month for the period of January 2003 through March 2004.

e. Thereafter, Johnson County Gas shall file quarterly reports stating the amounts billed and collected in surcharge revenues from its customers for each

month during the quarter. The quarterly report shall also state the amount deposited into the surcharge account each month, the payee, and an explanation of all disbursements from the account each month. The quarterly report shall also state the amount invoiced by Kentucky-West for the FERC surcharge each month. A copy of the surcharge account statement for each month during the quarter shall be attached to the report. The quarterly reports and attachments shall be filed no later than 30 days after the end of the quarter, with the first quarterly report being due July 30, 2004 for the period of April 2004 through June 2004.

f. Within 30 days of the date of this Order, Johnson County Gas shall file with the Commission a detailed plan by which it will become current on its debt and meet its remaining obligation to Kentucky-West. This plan should recognize that, according to the settlement agreement, Kentucky-West could require any obligation still outstanding at the end of the 5-year extension period to be paid in a lump sum.

2. Bud Rife, individually and as an officer of the utility, is assessed a civil penalty of \$2,500 for each of the three willful violations, a total of \$7,500. Of that amount, \$3,000 shall be paid within 30 days from the date of this Order by cashier's check payable to "Kentucky State Treasurer" and mailed or delivered to the Office of the General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky, 40602. The balance of \$4,500 is suspended for a period of one year upon completion of the following conditions. If any of the conditions are not met, the entire suspended penalty of \$4,500 shall become due and payable. Bud Rife may comply with the conditions herein by signing as a corporate officer and timely filing all the required filings of Johnson County Gas.

a. Bud Rife shall deposit all surcharge revenues from the customers of Johnson County Gas into the surcharge account, with deposits being made on at least a monthly basis.

b. Bud Rife shall not use the surcharge revenues from the customers of Johnson County Gas for any purpose other than payment of the Kentucky-West FERC surcharge obligation.

c. Bud Rife shall pay amounts invoiced by Kentucky-West for the FERC surcharge from the surcharge account by the due date or within 30 days of the invoice, whichever is earliest.

d. Within 30 days of the date of this Order, Bud Rife shall provide a report detailing the amount Johnson County Gas has billed and the amounts it has collected in surcharge revenues from its customers for each month of the period January 2003 through March 2004. The report shall also state the amount paid to Kentucky-West and the amount invoiced by Kentucky-West for the FERC surcharge for each month of the same time period, and the balance of the total remaining outstanding obligation of Johnson County Gas to Kentucky-West as of March 31, 2004. Additionally, the report shall state the amount deposited into the surcharge account each month for the period of January 2003 through March 2004.

e. Thereafter, Bud Rife shall file quarterly reports stating the amounts billed and collected in surcharge revenues from its customers for each month during the quarter. The quarterly report shall also state the amount deposited into the surcharge account each month, the payee, and an explanation of all disbursements from the account each month. The quarterly report shall also state the amount invoiced by

Kentucky-West for the FERC surcharge each month. A copy of the surcharge account statement for each month during the quarter shall be attached to the report. The quarterly reports and attachments shall be filed no later than 30 days after the end of the quarter with the first quarterly report being due July 30, 2004 for the period April through June 2004.


f. Within 30 days of the date of this Order, Bud Rife shall file with the Commission a plan in detail as to how Johnson County Gas will become current and meet its remaining obligation to Kentucky-West. This plan should recognize that, according to the settlement agreement, Kentucky-West could require any obligation still outstanding at the end of the 5-year extension period to be paid in a lump sum.

3. It is a further condition for the partial suspension of the above penalties that Johnson County Gas and Bud Rife shall cooperate with Commission Staff in the examination of all the books, accounts, papers, and records of Johnson County Gas and its affiliated company, B & H Gas Company. Said examination is scheduled to begin June 1, 2004, at 11:00 a.m., Eastern Daylight Time, at the office of Johnson County Gas, and all books, accounts, papers, and records of Johnson County Gas and its affiliated company, B & H Gas Company, shall be present at the utility office and be made available to Commission Staff. Such examination shall continue from day to day until such time as Commission Staff has completed its examination.

Done at Frankfort, Kentucky, this 26th day of May, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

Case No. 2004-00072

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

JOHNSON COUNTY GAS COMPANY, INC.)
AND BUD RIFE, INDIVIDUALLY AND AS SOLE)
OFFICER OF THE UTILITY)
_____) CASE NO. 2006-00165
)
AN INVESTIGATION INTO THE STATUS AND)
DISCONTINUANCE OF THE KENTUCKY-WEST)
VIRGINIA GAS COMPANY SURCHARGE TARIFF)
OF JOHNSON COUNTY GAS COMPANY, INC.)
AND ALLEGED VIOLATIONS OF A COMMISSION)
ORDER)

O R D E R

Johnson County Gas Company, Inc. ("Johnson County Gas") is a local gas distribution company subject to the Commission's jurisdiction. KRS 278.010(3)(b), KRS 278.040. The Federal Energy Regulatory Commission approved a settlement agreement in Docket Nos. TQ89-1-46-000, et al., authorizing Kentucky-West Virginia Gas Company ("Kentucky-West") to surcharge several small Kentucky gas utilities, including Johnson County Gas, for past due amounts. The surcharge was intended to discharge Johnson County Gas's debt over a 10-year amortization period, beginning in 1991; however, the settlement allowed for the surcharge to be extended for an additional 5 years. This Commission authorized Johnson County Gas to pass the Kentucky-West surcharge through to its customers in Case No. 10415-B.¹

¹ Case No. 10415-B, The Purchased Gas Adjustment Filing of Johnson County Gas Company, Inc.

On May 26, 2004, the Commission issued an Order in Case No. 2004-00072² finding that Johnson County Gas and Bud Rife, individually and as sole officer of Jonson County Gas, had violated the Commission's directives in Case No. 1999-00155.³ Based on that finding the Commission assessed a penalty, pursuant to KRS 278.990, against both Johnson County Gas and Bud Rife. A portion of the penalty amounts was suspended on the condition that Johnson County Gas and Bud Rife deposit all surcharge revenues into a surcharge account on a monthly basis, make timely payments to Kentucky-West, and file timely quarterly reports with the Commission.

On June 16, 2006, the Commission initiated this proceeding and directed Johnson County Gas and its sole officer, Bud Rife, to appear at a hearing before the Commission on July 24, 2006, to show cause why the penalties suspended in Case No. 2004-00072 should not be due and payable for probable violations of the conditions set forth in that Order and why the pass-through of the Kentucky-West surcharge should not be terminated as the total amount collected from Johnson County Gas customers appeared to be in excess of the total amount due to Kentucky-West.

Johnson County Gas, Bud Rife, and Commission Staff entered into negotiations to resolve all outstanding issues in this proceeding. A Stipulation of Facts and Settlement Agreement ("Settlement Agreement") was entered into by Johnson County

² Case No. 2004-00072, Johnson County Gas Company, Inc. and Bud Rife, Individually and as Sole Officer of the Utility, Alleged Violations of Commission Order, (Ky. PSC May 16, 2004).

³ Case No. 1999-00155, Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities, (Ky. PSC Sept. 1, 1999).

Gas, Bud Rife, and Commission Staff. The Settlement Agreement is attached hereto as Appendix A and incorporated herein by reference. Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the Settlement Agreement is in accordance with law, does not violate any regulatory principle, is in the public interest, and is a reasonable resolution of all issues in this case.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement is adopted and approved in its entirety as a complete resolution of all issues in this case.

2. Within 30 days of the date of this Order, Johnson County Gas and Bud Rife shall discontinue the assessment and collection of the Kentucky-West surcharge.

3. Within 30 days of the date of this Order, Johnson County Gas and Bud Rife shall file a plan for the repayment of the remaining Kentucky-West debt.

4. Within 30 days of the date of this Order, Johnson County Gas and Bud Rife shall file a purchased gas adjustment. Included in that filing shall be a written explanation of how Johnson County Gas plans to pay its outstanding indebtedness to Interstate Natural Gas and how it plans to remain current on its natural gas supply purchases.

5. Johnson County Gas and Bud Rife shall file with the utility's annual report to the Commission a statement that sets forth the amount Kentucky-West invoiced Johnson County Gas during the previous calendar year and the amount Johnson County Gas paid Kentucky-West during the same calendar year. This annual filing shall continue until the debt owed to Kentucky-West is repaid.

6. Within 3 months of the date of this Order, Bud Rife, individually and as sole officer of the utility, shall pay the \$4,500 penalty amount suspended in Case No. 2004-00072.

7. Upon receipt of the \$4,500 penalty payment from Bud Rife, this case shall be closed and removed from the Commission's docket without further Order of the Commission.

Done at Frankfort, Kentucky, this 17th day of January, 2007.

By the Commission

ATTEST.



Executive Director

Case No. 2006-00165

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00165 DATED January 17, 2007.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

NOV 8 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

JOHNSON COUNTY GAS COMPANY, INC.)
AND BUD RIFE, INDIVIDUALLY AND AS SOLE)
OFFICER OF THE UTILITY)

CASE NO.
2006-00165

_____)
AN INVESTIGATION INTO THE STATUS AND)
DISCONTINUANCE OF THE KENTUCKY-WEST)
VIRGINIA GAS COMPANY SURCHARGE TARIFF)
OF JOHNSON COUNTY GAS COMPANY, INC.)
AND ALLEGED VIOLATIONS OF A COMMISSION)
ORDER)

**STIPULATION OF FACTS AND
SETTLEMENT AGREEMENT**

THIS AGREEMENT is made and entered into this 6th day of November, 2006,
by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY
("Commission Staff") and JOHNSON COUNTY GAS COMPANY, INC. ("Johnson
County Gas") and BUD RIFE, INDIVIDUALLY AND AS SOLE OFFICER OF JOHNSON
COUNTY ("Rife").

WITNESSETH

THAT, WHEREAS, Johnson County Gas is a Kentucky corporation that owns
and operates facilities used in the distribution, sale, and furnishing of natural gas to the
public for compensation in Kentucky and as such is a utility subject to Commission
jurisdiction pursuant to KRS 278.010(3)(b) and KRS 278.040; and

WHEREAS, Rife is the sole manager of Johnson County Gas, having taken that position on March 20, 1997, and is ultimately responsible for all of Johnson County Gas's operations; and

WHEREAS, the Federal Energy Regulatory Commission ("FERC") approved a settlement agreement authorizing Kentucky-West Virginia Gas Company ("Kentucky-West") to assess a surcharge against Johnson County Gas over a ten-year period to discharge a debt and the Kentucky Public Service Commission ("Commission") subsequently authorized Johnson County Gas to pass the Kentucky-West surcharge through to its customers; and

WHEREAS, the Commission directed Johnson County Gas in Case No. 1999-00155 to deposit all Kentucky-West surcharge revenues into a separate interest-bearing bank account, to make all payments to Kentucky-West from that account, to use any excess surcharge revenues not required to pay current invoices to pay Kentucky-West for past due amounts and to accumulate any remaining excess surcharge revenues in the account to be paid to Kentucky-West at the end of the ten-year amortization period; and

WHEREAS, On March 17, 2004, the Commission initiated Case No. 2004-00072 and directed that Johnson County Gas and Bud Rife appear before the Commission on April 27, 2004 to show cause why they should not be penalized for failing to comply with the Commission's Order in Case No. 1999-00155; and

WHEREAS, on May 26, 2004, the Commission found that Johnson County Gas and Rife willfully violated the Commission's Order in Case No. 1999-00155 and assessed a \$7,500 penalty against each, but suspended the entire \$7,500 penalty

against Johnson County Gas and \$4,500 of the penalty against Rife provided that they comply with certain conditions; and

WHEREAS, on June 16, 2006, the Commission initiated this proceeding and issued an Order directing that Johnson County Gas and Rife appear and show cause why: (1) the Kentucky-West surcharge should not be eliminated as the total amount collected from Johnson County Gas customers appeared to be in excess of the total amount due to Kentucky-West; and (2) why the penalties suspended in Case No. 2004-00072 against Johnson County Gas and Rife should not be due and owing for their alleged failure to comply with the conditions set forth in the Commission's May 26, 2004 Order in that case; specifically, for their failure to file timely quarterly reports, failure to make deposits to the surcharge account on a monthly basis, and failure to make timely payments to Kentucky-West; and

WHEREAS, Johnson County Gas and Rife filed a written response to the Commission's June 16, 2006 Order acknowledging that Johnson County Gas's surcharge collections have exceeded its indebtedness to Kentucky-West and acknowledging their failure to comply fully with all the conditions enumerated, but denied that their actions were intentional or willful; and

WHEREAS, an informal conference was held in this case on August 4, 2006 and a follow-up telephone conference was held on September 12, 2006. Johnson County Gas revealed at the conferences that it is also behind in its payments for gas supply to Interstate Natural Gas; and

WHEREAS, Johnson County Gas, Rife and Commission Staff desire to settle the issues raised by this proceeding;

NOW, THEREFORE, based upon the recitals set forth above, the signatories hereby agree as follows:

1. Within three (3) months from the date of the Commission's acceptance of this Settlement Agreement, Rife shall deliver to the Commission the sum of \$4,500, being the amount of the penalty assessed and suspended in Case No. 2004-00072.

2. The \$7,500 assessed and abated against Johnson County Gas in Case No. 2004-00072 shall cease and shall not be due and owing.

3. Johnson County Gas and Rife shall discontinue the assessment and collection of the Kentucky-West surcharge within 30 days from the date of the Commission's acceptance of this Settlement Agreement.

4. If the Commission accepts this Settlement Agreement and the cessation of the surcharge as set forth in paragraph 3 above, then the quarterly reports ordered filed by the Commission in Case No. 2004-00072 shall cease.

5. Within thirty (30) days of the Commission's acceptance of this Settlement Agreement, Johnson County Gas and Rife shall file, or cause to be filed, a plan for the repayment of the remaining Kentucky-West debt.

6. Johnson County Gas and Rife shall file, or cause to be filed, a purchase gas adjustment ("PGA") within thirty (30) days from the date of the Commission's acceptance of this Settlement Agreement and shall include with the PGA filing a written explanation of how Johnson County Gas plans to pay its past due indebtedness to Interstate Natural Gas and how it plans to remain current on its natural gas supply purchases.

7. Johnson County Gas and Rife shall file, or cause to be filed, with the utility's annual report to the Commission a statement that sets forth the amount Kentucky-West invoiced Johnson County Gas during the previous calendar year and the amount Johnson County Gas paid Kentucky-West during that same period of time. This annual filing shall continue until the debt owed to Kentucky-West is repaid.

8. Nothing contained herein shall be construed as an admission of a willful violation of any statute, administrative regulation or Commission Order nor shall the Commission's acceptance of this Settlement Agreement be construed as a finding of a willful violation of any statute, administrative regulation or Commission Order.

9. This Settlement Agreement is subject to the acceptance of and approval by the Commission.

10. Commission Staff shall recommend to the Commission that this Settlement Agreement be accepted and approved.

11. If the Commission fails to accept and approve this Settlement Agreement in its entirety, the underlying proceeding shall go forward and neither the terms of the Settlement Agreement nor any matters raised during settlement negotiations shall be binding on any of the signatories.

12. If the Commission, by Order, accepts and adopts this Settlement Agreement in its entirety, neither Johnson County Gas nor Rife shall apply for a rehearing in this matter or bring legal action for judicial review of that Order.

13. This Settlement Agreement resolves all allegations raised by the Commission in its Order of June 16, 2006.

14. This proceeding has not involved a comprehensive review of Johnson County Gas' rates and does not represent any finding with respect to the relative adequacy of such rates. Johnson County Gas shall be free to petition the Commission for a general adjustment of its rates should it so desire, pursuant to the Commission's normal rules and procedures.

COUNSEL FOR JOHNSON COUNTY GAS
AND BUD RIFE

BY: C. Kent Huffel

TITLE: Stoll, Keenan, Ogden

DATE: Nov. 6, 2006

STAFF, PUBLIC SERVICE
COMMISSION OF KENTUCKY

BY: Amie Mitchell

TITLE: Staff Attorney

DATE: November 3, 2006

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOHNSON COUNTY GAS COMPANY, INC.)
AND BUD RIFE, INDIVIDUALLY AND AS SOLE)
OFFICER OF THE UTILITY)

CASE NO.
2011-00184

ALLEGED FAILURE TO COMPLY WITH)
COMMISSION ORDERS)

ORDER

Johnson County Gas Company, Inc. ("Johnson County") is a Kentucky corporation that owns and operates facilities that distribute natural gas to the public for compensation in Johnson County, Kentucky. As such, it is a utility subject to the Commission's jurisdiction. KRS 278.010(3)(b).

On September 17, 2010, the Commission issued an Order in Case No. 2010-00010¹ directing Johnson County Gas to file a Gas Cost Adjustment ("GCA") application no later than December 1, 2010 for an effective date of January 1, 2011. The Commission further directed Johnson County to include in that application the identity of all of its suppliers, its suppliers' rates, the balance owed to any suppliers including any imbalances, and its actual adjustment calculations. Upon examination, the Commission finds that Johnson County filed its GCA application on January 3,

¹ Case No. 2010-00010, Purchased Gas Adjustment Filing of Johnson County Gas Company (Ky. PSC Sept. 17, 2010).

2011, which was docketed as Case No. 2011-00004,² and that the application did not contain the required information regarding Johnson County's suppliers.

On January 13, 2011, in Case No. 2011-00004, the Commission issued an Order directing Johnson County to respond to information requests attached thereto on or before January 26, 2011. Upon review, the Commission finds that Johnson County has not filed the required responses.

Johnson County's 2009 Annual Report filed with the Commission lists Bud Rife as the 100 percent owner/President of Johnson County.³ Johnson County's 2010 Annual Report filed with the Kentucky Secretary of State and dated June 30, 2010 lists Bud Rife as the President and sole director of Johnson County.⁴

KRS 278.990(1) provides:

Any officer, agent, or employee of a utility, as defined in KRS 278.010, and any other person who willfully violates any of the provisions of this chapter or any regulation promulgated pursuant to this chapter, or fails to obey any order of the commission from which all rights of appeal have been exhausted, or who procures, aids, or abets a violation by any utility, shall be subject to either a civil penalty to be assessed by the commission not to exceed two thousand five hundred dollars (\$2,500) for each offense or a criminal penalty of imprisonment for not more than six (6) months, or both. If any utility willfully violates any of the provisions of this chapter or any regulation promulgated pursuant to this chapter, or does any act therein prohibited, or fails to perform any duty imposed upon it under those sections for which no penalty has been provided by law, or fails to obey any order of the commission from which all rights of appeal have been exhausted, the utility shall be subject to a civil penalty to be assessed by the commission for each offense not less than twenty-five dollars (\$25) nor more than two thousand five hundred dollars (\$2,500). Each act, omission,

² Case No. 2011-00004, Purchased Gas Adjustment Filing of Johnson County Gas Company.

³ Annual Report of Johnson County to the Public Service Commission of Kentucky for the Year Ending December 31, 2009 at 1.

⁴ [http://apps.sos.ky.gov/ImageWebViewer/\(S\(pvvfkbr3fadcyh2xmohzpdj\)\)/OBDBDisplayImage.aspx?id=4442622](http://apps.sos.ky.gov/ImageWebViewer/(S(pvvfkbr3fadcyh2xmohzpdj))/OBDBDisplayImage.aspx?id=4442622)

or failure by an officer, agent, or other person acting for or employed by a utility and acting within the scope of his employment shall be deemed to be the act, omission, or failure of the utility.

(Emphasis Added).

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

1. The Commission's Order in Case No. 2010-00010, dated September 17, 2010, which is appended to this Order as Appendix A, is a final order from which all rights of appeal have been exhausted.
2. The Commission's Order in Case No. 2011-00004, dated January 13, 2011, which is appended to this Order as Appendix B, is a final order from which all rights of appeal have been exhausted.
3. A *prima facie* showing has been made that Johnson County has willfully violated the Commission's Order of September 17, 2010 in Case No. 2010-00010 by its failure to file its GCA application by December 1, 2010 and by its failure to include in its GCA application certain required information.
4. A *prima facie* showing has been made that Johnson County has willfully violated the Commission's Order of January 13, 2011 in Case No. 2011-00004 by its failure to respond to certain information requests attached to that Order.
5. A *prima facie* showing has been made that Bud Rife aided and abetted Johnson County in its failure to comply with the Commission's Order of September 17, 2010 in Case No. 2010-00010 and its failure to comply to the Commission's Order of January 13, 2011 in Case No. 2011-00004.

IT IS THEREFORE ORDERED that:

1. Johnson County shall appear before the Commission on July 6, 2011, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of presenting evidence concerning its alleged failure to comply with the Commission's Order of September 17, 2010 in Case No. 2010-00010 and the Commission's Order of January 13, 2011 in Case No. 2011-00004 and of showing cause, if any it can, why it should not be subject to the penalties of KRS 278.990(1) for its alleged failures to comply.


2. Bud Rife, in his individual capacity and as President and sole director of Johnson County, shall appear before the Commission on July 6, 2011, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of presenting evidence concerning the allegations that he aided and abetted Johnson County in its alleged failure to comply with the Commission's Order of September 17, 2010 in Case No. 2010-00010 and the Commission's Order of January 13, 2011 in Case No. 2011-00004 and of showing cause, if any he can, why he should not be subject to the penalties of KRS 278.990(1) for his alleged actions.

3. Pursuant to KRS 278.360, the record of the formal hearing in this matter shall be by videotape.

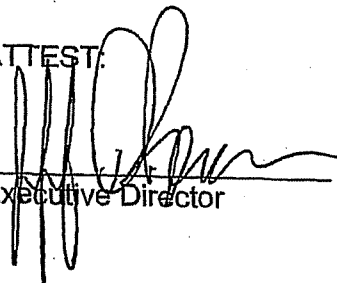
4. Within 20 days of the date of this Order, Johnson County shall submit to the Commission a written response to the allegations contained herein.

5. Within 20 days of the date of this Order, Bud Rife shall submit to the Commission a written response to the allegations contained herein that he aided and abetted Johnson County in its failures alleged herein.

By the Commission

ENTERED 
JUN 10 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2011-00184

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00184 DATED JUN 10 2011

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF JOHNSON COUNTY GAS) CASE NO. 2010-00010
COMPANY)

ORDER

On September 1, 1999, in Case No. 1999-00155, the Commission approved rates for Johnson County Gas Company, Inc. ("Johnson County") and provided for their further adjustment in accordance with Johnson County's Gas Cost Adjustment ("GCA") clause.¹

On January 7, 2010, Johnson County filed its proposed GCA and requested a *waiver of the 30-day notice period so that its proposed rates could be effective January 4, 2010.* On January 15, 2010, Commission Staff issued an information request to Johnson County, pursuant to 807 KAR 5:001, to obtain additional information concerning Johnson County's suppliers, its suppliers' rates, and its actual adjustment calculation. Johnson County failed to respond to this information request. On February 5, 2010, the Commission issued its Order denying Johnson County's waiver of the 30-day notice period, requiring Johnson County to respond to the Commission Staff information request of January 15, 2010, and suspending Johnson County's proposed rates up to and including July 5, 2010. On February 24, 2010, Johnson County

¹ Case No. 1999-00155, Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Sept. 1, 1999).

provided its response to the Commission Staff's first request. On March 11, 2010, Commission Staff issued a second request for information to which Johnson County did not respond. On June 22, 2010, the Commission issued an Order requiring Johnson County to file its response to Commission Staff's second request by June 30, 2010. As of the date of this Order, Johnson County has not responded to the information request and has not requested an extension of time. Notwithstanding Johnson County's failure to provide the requested supplemental information, the Commission finds that the documents supplied to date provide the Commission with sufficient information to determine that Johnson County's proposed rates will result in a decrease to Johnson County's customers, are reasonable and should be approved for service on and after the date of this Order. The Commission further finds that Johnson County should file its next GCA in accordance with its tariff and include in such filing all the information requested in this proceeding, including, but not limited to, the identification of Johnson County's suppliers, the suppliers' rates, and the actual adjustment calculation.

IT IS HEREBY ORDERED that:

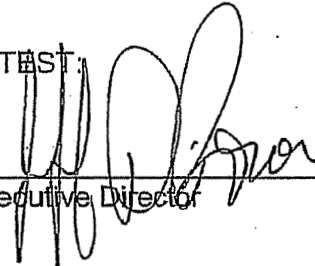
1. The rates in the Appendix to this Order are approved for billing for service rendered on and after the date of this Order.
2. Within 20 days of the date of this Order, Johnson County shall file its revised tariffs with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.
3. Johnson County shall timely file its next GCA application no later than December 1, 2010 for an effective date of January 1, 2011 and shall include with its

application the identification of all of its suppliers, its suppliers' rates, the balance owed to any suppliers including any imbalances, and its actual adjustment calculations.

By the Commission

ENTERED *M*
SEP 17 2010
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2010-00010

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00010 DATED SEP 17 2010

The following rates and charges are prescribed for the customers in the area served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Residential

<u>Monthly</u>	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
Minimum Bill 0-1 Mcf	\$6.9542	\$6.6899	\$13.6441
All additional Mcf	\$5.9542	\$6.6899	\$12.6441

Commercial

<u>Monthly</u>			
All Mcf	\$6.3042	\$6.6899	\$12.9941

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00184 DATED JUN 10 2011