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PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

AN INVESTIGATION OF THE GAS COSTS OF) CASE NO.
B&H GAS COMPANY PURSUANT TO KRS) 2015-00367
278.2207 AND THE WHOLESALE GAS PRICE IT)
IS CHARGED BY ITS AFFILIATE, B&S OIL AND)
GAS COMPANY, PURSUANT TO KRS 278.274)

MOTION TO LATE FILE RESPONSE TO
ATTORNEY GENERAL'S MOTION TO COMPEL

Comes B&H Gas Company ("B&H"), and B&S Oil and Gas Company ("B&S"), by counsel, and respectfully moves the Commission for leave to late file the attached response to the motion of the Attorney General to compel B&H's and B&S's Responses to Data Requests.

No party will be prejudiced by the late filing of this response, which addresses all of the points raised in the Attorney General's motion.

Respectfully submitted,



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CERTIFICATE OF SERVICE

A true copy of the foregoing motion, and tendered response, were served on the Attorney

General by electronic transmission and by regular mail by delivery to the following:

Lawrence W. Cook, Esq.
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On this the 20th day of July, 2016.



JOE F. CHILDERS

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**RESPONSE TO MOTION OF
ATTORNEY GENERAL TO COMPEL B&H's
and B&S's RESPONSES TO DATA REQUESTS**

Comes B&H Gas Company (“B&H”), and B&S Oil and Gas Company (“B&S”)(collectively “the Companies”), by and through counsel, and for their Response to Motion of Attorney General to Compel B&H’s and B&S’s Responses to Data Requests state as follows:

The Attorney General (“AG”) incorrectly states that B&H and B&S do not understand the serious nature of this investigation initiated by the Commission and have “failed in numerous instances to provide adequate responses” to the data requests served by the AG. The Companies take very seriously this investigation and are doing everything they can do to fully cooperate. They are aware of the separate case initiated by the Commission, No. 2016-00204 and in fact recently participated in the hearing in that matter.

The Companies gave an adequate and truthful response to AG 6(f)(incorrectly identified in the motion as AG 1-6) of the AG’s initial data requests concerning remuneration to Mr. Rife from Hall, Stephens & Hall. The response may not have been the answer the AG wanted, but it

was a complete and truthful answer. If compelled, the same answer would be given a second time to this request. Furthermore, Hall, Stephens & Hall has nothing to do with this case since it is a provider of natural gas to Johnson County Gas Company, not B&H. This request is overly broad and seeks irrelevant information, which is not at issue here and to which the AG has no business.

In response to AG initial data request No. 11 (incorrectly identified in the motion as AG 1-11), the Companies objected that the costs incurred by B&S to obtain gas is not relevant to this proceeding. This is a proceeding to determine whether the rate charged by B&H to its customers for gas supply is reasonable. This is determined based on the quality of the gas, the price of gas which could be sourced in the area, and the price charged by other companies of like size to B&H. The costs incurred by B&S do not influence the cost charged by B&H to its customers and is therefore not relevant to this proceeding.

In Question 21 (incorrectly identified as 1-21), the AG seeks to know whether B&H is contemplating filing bankruptcy. This question is objectionable as it seeks trade secrets and highly confidential business information. Whether the Companies are contemplating bankruptcy is not relevant to this proceeding and the answer to this question would not lead the AG to any admissible information.

Likewise, in initial data request No. 22 (incorrectly identified as 1-22), the AG seeks to know whether B&S is contemplating bankruptcy. This question is objectionable as it seeks trade secrets and highly confidential business information. Whether the Companies are contemplating bankruptcy is not relevant to this proceeding and the answer to this question would not lead the AG to any admissible information.

In AG's second data request No. 2(c)(referred to as 2-2(c), the AG seeks information about sums paid to Mr. Rife from Johnson County Gas Company and Hall, Stephens & Hall. In

support of his motion, the AG asserts that “the record in the instant case, and in multiple prior Commission dockets, has amply demonstrated a clear pattern of self-dealing between all of these entities . . .” The AG does not identify any prior dockets where this “clear pattern” of self-dealing has been demonstrated and provides no basis for his wide scope of inquiry seeking information from third parties that are not before the Commission. This request should be denied.

In the second AG request No. 3(b) and 3(e)(incorrectly referred to as 2-3), the AG again seeks financial information from Johnson County Gas and Hall, Stephens & Hall. For the same reasons set forth above, in reference to data request No. 2(c), the Companies object to this request as overbroad and seeking information not relevant to the current inquiry.

In the second AG request No. 4 (referred to in AG motion as 2-4), the AG seeks more information concerning common ownership of the wells by directors of Hall, Stephens & Hall or Johnson County Gas Company. The cited basis is exactly the same as the previous requests, the purported “pattern of self-dealing” as found in unnamed prior Commission dockets. Again, this information is not relevant, is confidential, and is not likely to lead to admissible evidence. Therefore the Companies object to this overbroad request.

In AG second request No. 5 (referred to as 2-5), the AG seeks information about why it is burdensome to obtain copies of documents setting forth the cost B&S incurs in obtaining gas for B&H. For the same reasons set forth above, in response to AG initial request No. 11, the Companies object to this information as not relevant and not designed to lead to admissible evidence.

The AG again repeats himself in asking to compel an answer to AG second requests Nos. 8(c) – (e)(referred to as 2-8(c) – (e)). Again, in seeking information related to what Hall, Stephens & Hall has charged Johnson County Gas for gas supplied, the AG states that it is

relevant because of the “self-dealing” between the various companies as found in prior unnamed Commission dockets. For the reasons set forth above, the motion to compel answers to these requests should be denied.

The extensive discovery propounded by the AG in his initial data requests and in his second data requests are overly broad, burdensome, and seemed designed to annoy, harass and intimidate B&H and B&S. As this Commission is aware, B&H is a very small natural gas company with only two employees.¹ The AG’s data requests are comparable in number and scope to what he has previously asked in dockets related to LG&E, Kentucky Power and other major utilities. If information about the contemplation of bankruptcy by B&H is what the AG really seeks, then his actions in this case might just lead B&H to bankruptcy.

The Companies respectfully request that the Commission deny the motion of the AG to compel.

Respectfully submitted,



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¹ As was testified to at the July 6, 2016 hearing in 2016-00204.