

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

B&H GAS COMPANY, B&S OIL AND GAS COMPANY,	)	
AND MR. BUD RIFE, INDIVIDUALLY AND AS AN	)	
OFFICER OF B&H GAS COMPANY AND B & S OIL	)	CASE NO.
AND GAS COMPANY	)	2016-00204
_____	)	
ALLEGED VIOLATION OF A COMMISSION ORDER	)	

ORDER

B&H Gas Company ("B&H") is a local gas distribution company subject to the Commission's jurisdiction pursuant to KRS 278.040. Bud Rife is the president of B&H and owns 100 percent of its stock, having acquired B&H pursuant to the approval granted by the Commission in Case No. 89-018.<sup>1</sup> Mr. Rife also owns B&H's primary wholesale gas supplier, B&S Oil & Gas Company ("B&S") (collectively "the Companies").

On November 24, 2015, in the Case No. 2015-00367, the Commission opened an investigation of the gas costs of B&H pursuant KRS 278.2207 and of the wholesale gas price B&H was charged by B&S pursuant to KRS 278.274.<sup>2</sup>

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<sup>1</sup> Case No. 89-018, *The Joint Application of Ulice Bud Rife, Jr., and John M. Bradley and Debbie L. Bradley for the Approval of the Acquisition of B & H Gas Company, Inc. of Stanville, Floyd County, Kentucky, by Ulice Bud Rife, Jr.* (Ky. PSC May 17, 1989). All annual reports filed with the Commission by B&H since 1989 identify Mr. Rife as president and owner of 100 percent of B&H's stock.

<sup>2</sup> Case No. 2015-00367, *An Investigation of the Gas Costs of B&H Gas Company Pursuant to KRS 278.2207 and the Wholesale Gas Price Charged it is Charged by its Affiliate, B&S Oil and Gas Company, Pursuant to KRS 278.274* (Ky. PSC. Nov. 24, 2015).

On June 1, 2016, in Case No. 2015-00367, the Companies filed a motion for an extension of time to respond to the Commission Staff's ("Staff") second request for information and the supplemental request for information of the Attorney General's Office of Utility and Rate Intervention ("AG"). The Companies asked for an extension to June 6, 2016, to file their response to Staff's request and for an extension to June 14, 2016, to file their response to the AG's request. By its Order of June 8, 2016, the Commission granted the Companies until June 6, 2016, to file their responses to Staff's second request and until June 13, 2016, to file their responses to the AG's supplemental request.<sup>3</sup>

Contrary to our June 8, 2016 Order, the Companies did not file responses to the AG's supplemental request by June 13, 2016, as required.<sup>4</sup> Finding No. 3 of that Order put the Companies on notice that failure to file those responses as directed could result in the initiation of a show cause proceeding by the Commission to determine why penalties should not be imposed for their failure to comply with that Order.

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<sup>3</sup> The Companies filed their responses to Staff's request before the June 8, 2016 Order was issued.

<sup>4</sup> The Companies' failure to comply with the Commission's June 8, 2016 Order is the third such failure during this proceeding. The Companies failed to respond to the Commission Staff's First Request for Information within the prescribed time period, which led to our March 8, 2016 Order in which we ordered that responses be filed within ten days of the date of that Order. We also put the Companies on notice that a show cause proceeding may be initiated if they failed to comply with that Order in which they could be subject to penalties pursuant to KRS 278.990.

After a procedural schedule was established which called for information requests to be issued to the Companies by April 29, 2016, and their responses to be filed by May 12, 2016, the Companies submitted no responses or request for additional time by the May 12 due date. That situation resulted in our May 27, 2016 Order in which we required the Companies to file responses within seven days of the date of that Order and again put them on notice that they could be subject to penalties pursuant to KRS 278.990 if they failed to comply with that Order.

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

1. B&H and B&S failed to comply with the Commission's June 8, 2016 Order by not filing responses to the AG's supplemental request by June 13, 2016.

2. Bud Rife is president of B&H and B&S, and in his official capacity as president, he has failed to ensure that B&H and B&S have complied with the Commission's June 8, 2016 Order.

3. This show cause proceeding should be initiated to determine whether there are any reasons why penalties should not be imposed upon the Companies and their president, Bud Rife, pursuant to KRS 278.990, for failure to comply with our June 8, 2016 Order.

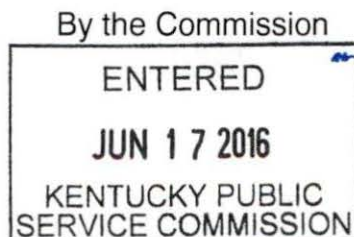
IT IS THEREFORE ORDERED that:

1. B&H, B&S, and Bud Rife shall appear in Hearing Room No. 1 of the Commission offices in Frankfort, Kentucky, at 10:00 a.m. Eastern Daylight Time, on July 6, 2016, to show cause why they should not be subject to penalties pursuant to KRS 278.990 as described in finding paragraph 2 of this Order.

2. Pursuant to KRS 278.360, the record of any formal hearing shall be kept by videotape.

ATTEST:

  
Acting Executive Director



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