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APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

JUL 14 2016

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

PUBLIC SERVICE
COMMISSION

B&H Gas Company

(Name of Utility)

P.O. Box 447

(Business Mailing Address - Number and Street, or P.O. Box)

Betsy Layne, Kentucky 41605

(Business Mailing Address - City, State, and Zip)

(606) 478-5851

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Joe F. Childers, Esq.

(Name)

201 West Short Street, Suite 300

(Address - Number and Street or P.O. Box)

Lexington, Kentucky 40507

(Address - City, State, Zip)

(859) 253-9824

(Telephone Number)

ChildersLaw81@gmail.com

(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of Kentucky, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. (Attach a copy of customer notice.)
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.)
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. (Attach a copy of customer notice.)
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." (Attach completed "Reasons for Application" Attachment.)

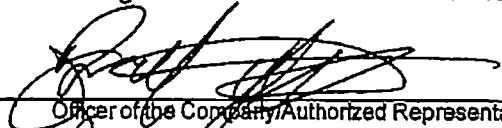
YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." (Attach completed "Current and Proposed Rates" Attachment.)
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2015.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." (Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ \$283,359.82 and total revenues from service rates of \$ \$341,600.82. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. (Attach a completed "Revenue Requirement Calculation" Attachment.)
12. As of the date of the filing of this application, Applicant had 258 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. (Attach a completed "Billing Analysis" Attachment.)
14. Applicant's depreciation schedule of utility plant in service is attached. (Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

- | | YES | NO | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| b. Applicant is required to file state and federal tax returns. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| c. Applicant's most recent state and federal tax returns are attached to this Application. (Attach a copy of returns.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Approximately \$0.00 (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.


Signed 
Officer of the Company/Authorized Representative

Title President

Date 6/30/16

COMMONWEALTH OF KENTUCKY
 COUNTY OF Floyd

Before me appeared Bud Rife, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.


 Notary Public
 My commission expires: 1/14/18

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

122742

FLOYD COUNTY TIMES
P.O. BOX 390 PRESTONSBURG, KY 41653
(606) 886-8506

DATE 7-1 20 16

RECEIVED FROM B & H Gas Company DOLLARS \$ 683.55

FOR To Adjust Gas Services

Account Total \$ _____
Amount Paid \$ _____
Balance Due \$ _____

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1140 South Lake
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the Director, Divi-
Permits, #2 Hud-
U.S. 127 South,
Kentucky 40601.

NOTICE OF APPLICATION OF B&H GAS COMPANY TO ADJUST RATES FOR GAS SERVICE BEFORE THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY

B&H Gas Company has filed an application with the Public Service Commission of the Commonwealth of Kentucky seeking approval to adjust its rates for gas service within its designated service territory in the Commonwealth of Kentucky. If B&H Gas Company's application is accepted, monthly gas bills from B&H Gas Company will be affected as follows:

Present Residential and Commercial Rates

First 2 MCF (minimum bill)	\$23.5538
Next 8 MCF	\$11.3588
Next 20	\$10.6903
Next 30	\$10.6903

Proposed Residential and Commercial Rates

Monthly Customer Charge	\$25.00
Rate per Ccf	\$1.87151

Amount of Increase Requested

Residential and Commercial	109.65%
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Average Customer Bill Increase

Residential and Commercial	\$57.71/month
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The rates contained in this notice are the rates proposed by B&H Gas Company, but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Any corporation, association, or person with a substantial interest in the matter may submit a written request to intervene in the proceedings at the Public Service Commission. Copies of B&H Gas Company's application may be obtained at no charge from B&H Gas Company at 497 George Road, Betsy Layne, KY 41605 and the application and all documents filed with the Public Service Commission may be viewed and downloaded at the Public Service Commission's website at <http://psc.ky.gov>.

C NOTICE
KRS 231.040, ap-
a permit to oper-
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Kentucky Public Service Commission
Alternative Rate Filing
B&H Gas Company

REASONS FOR APPLICATION

B&H Gas Company ("B&H") is applying for a rate adjustment because, as reflected on B&H's annual reports, B&H consistently operates at a loss. As reported, B&H's net income over the past five (5) years is as follows:

2011	(\$16,311.00)
2012	(\$150,438.00)
2013	(\$85,298.00)
2014	(\$106,075.00)
2015	(\$218,467.00)

The average for these five years is a net operating loss of \$115,317.80. B&H must increase revenues in order to continue to provide service to its customers.

Kentucky Public Service Commission
Alternative Rate Filing
B&H Gas Company

CURRENT AND PROPOSED RATES

B&H currently charges the same rate for both residential and commercial customers, this rate being:

Customer Charge up to 2 Mcf:	\$23.5538
Next 8 Mcf, per Mcf Charge:	\$11.3588
Next 20 Mcf, per Mcf Charge:	\$10.9411
Next 30 Mcf, per Mcf Charge:	\$10.6903

In 2015, a total of 14,117 Mcf were sold by B&H to its 258 total customers, which averages to 54.7171 Mcf/year, and 4.5598 Mcf/month, per customer. Based on the foregoing, the average customer bill at B&H's current rate is \$52.63 per month, and \$631.56 per year.

B&H hereby proposes a rate of \$25 monthly customer charge, and a proposed rate of \$1.87151/Ccf, or \$18.7151/Mcf. B&H proposes to use Ccf as a unit of measurement as opposed to Mcf, and will charge customers for gas used by the Ccf, instead of by the rounded Mcf as it currently charges.

Using the same amount of gas sold and the same total number of customers from 2015, the average customer bill at B&H's proposed rate is \$110.34 per month, and \$1,324.08 per year. The percentage increase between the current and proposed rate is an increase of 109.65%.

Kentucky Public Service Commission
Alternative Rate Filing
B&H Gas Company

STATEMENT OF ADJUSTED OPERATIONS

B&H Gas Company ("B&H") believe expense items set forth in its 2015 annual report are not representative and will change, and proposed to adjust the test period for expenses to a five year average. In 2015 B&H experienced uncharacteristically high maintenance expenses, after heavy rains caused line breaks and washouts. Instead of using 2015 as a test period, B&H proposed using a five year average to calculate expenses, which is \$310,546.20 instead of the \$394,294.00 in operation and maintenance expenses reported for 2015.

B&H Gas Operations and Maintenance Expenses:

2011:	\$230,552.00
2012:	\$331,871.00
2013:	\$285,384.00
2014:	\$310,630.00
2015:	\$394,294.00

AVERAGE: \$310,546.20

Kentucky Public Service Commission
Alternative Rate Filing
B&H Gas Company

REVENUE REQUIREMENT CALCULATION

B&H Gas Company's ("B&H") annual reports submitted to the Kentucky Public Service Commission reflect total gas operation and maintenance expenses over the past five years are as follows:

2011: \$230,552.00
2012: \$331,871.00
2013: \$285,384.00
2014: \$310,630.00
2015: \$394,294.00

The average total gas operation and maintenance expenses over the past five years is \$310,546.20. Calculating in a 10% return on investment of \$31,054.62, B&H calculates **\$341,600.82** in expenses for continued operations.

In 2015 B&H had 258 total customers, and sold a total of 14,117 Mcf of gas. Gross receipts and sales in 2015 were \$186,859.00, and \$128,618.00 was paid (or remains owed) for gas supply expenses, leaving a total of **\$58,241.00** to cover B&H's expenses for continued operations. Based on the foregoing, B&H requires additional revenues in the amount of **\$283,359.82**.

In 2015, B&H had 258 total customers, and sold a total of 14,117 Mcf of gas. Based on the foregoing, B&H proposes a rate to include a \$25.00 monthly customer charge and \$18.7151/Mcf fee, which will generate income to B&H in the amount of **\$341,600.82**.

Kentucky Public Service Commission
Alternative Rate Filing
B&H Gas Company

BILLING ANALYSIS

B&H currently charges the same rate for both residential and commercial customers, this rate being:

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Next 8 Mcf, per Mcf Charge:	\$11.3588
Next 20 Mcf, per Mcf Charge:	\$10.9411
Next 30 Mcf, per Mcf Charge:	\$10.6903

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B & H GAS COMPANY INC.

5/24/16

12:10PM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	CDST/ BASIS	BUS. PCT.	CUR 179/ SDA	PRIOR 179/ SDA/ DEPR.	METHOD	LIFE	CURRENT DEPR.
FORM 1120										
1	EQUIPMENT	7/01/07		94,331			94,331	200DB HY	7	0
2	PRE 2007 FULLY DEP. EQPT.	7/01/00		156,731			143,566	200DB HY	7	0
	TOTAL			251,062		0	237,897			0
	TOTAL DEPRECIATION			251,062		0	237,897			0
	GRAND TOTAL DEPRECIATION			251,062		0	237,897			0

12/31/15

2015 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

B & H GAS COMPANY INC.

5/24/16

12:10PM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAGE /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 1120																
1	EQUIPMENT	7/01/07		94,331				15,362			78,969	78,969	200DB HY	7		0
2	PRE 2007 FULLY DEP. EQPT.	7/01/00		156,731							156,731	143,566	200DB HY	7		0
	TOTAL			251,062		0	0	15,362	0	0	235,700	222,535				0
	TOTAL DEPRECIATION			251,062		0	0	15,362	0	0	235,700	222,535				0
	GRAND TOTAL DEPRECIATION			251,062		0	0	15,362	0	0	235,700	222,535				0

12/31/15

2015 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

B & H GAS COMPANY INC.

5/24/16

12:10PM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	AMT BASIS	AMT PRIOR DEPR	AMT METHOD	AMT LIFE	AMT RATE	AMT DEPR	REG. DEPR	OWN PCT	POST-86 DEPR ADJ	REAL PROP PREF	LEAS PER PROP PREF	59 (EX2) AMORT
FORM 1120															
1	EQUIPMENT	7/01/07		78,969	78,969	200DB HY	7		0	0					0
2	PRE 2007 FULLY DEP. EQPT.	7/01/00		156,731		150DB HY	7		0	0					0
	TOTAL			235,700	78,969				0	0		0	0	0	0
	TOTAL DEPRECIATION			235,700	78,969				0	0		0	0	0	0
	GRAND TOTAL DEPRECIATION			235,700	78,969				0	0		0	0	0	0

12/31/15

2015 BOOK DEPRECIATION SCHEDULE

PAGE 1

B & H GAS COMPANY INC.

5/24/16

12:10PM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW.	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 1120																
1	EQUIPMENT	7/01/07		94,331							94,331	92,134	200DB HY	7		0
2	PRE 2007 FULLY DEP. EQPT.	7/01/00		156,731							156,731	143,566	200DB HY	7		0
TOTAL				251,062		0	0	0	0	0	251,062	235,700				0
TOTAL DEPRECIATION				251,062		0	0	0	0	0	251,062	235,700				0
GRAND TOTAL DEPRECIATION				251,062		0	0	0	0	0	251,062	235,700				0

Kentucky Public Service Commission
Alternative Rate Filing
B&H Gas Company

COPIES OF OUTSTANDING EVIDENCE OF INDEBTEDNESS

B&H has outstanding debts owed to Bud Rife Construction Company for gas line repair and maintenance, and to B&S Oil and Gas Company for gas sold to B&H. These outstanding debts owed are payable on demand and no regular payments are made. For this reason, no amortization schedule exists for these debts owed. For this reason there are also no notes payable, or other documents evidencing indebtedness.

In 2015, Bud Rife Construction Co. billed a total of \$144,220.00 to B&H for services preformed, and B&H paid a total of \$24,400.00 towards this debt, the outstanding balance owed from 2015 being \$119,820.00. In 2015, B&S Oil and Gas Company billed a total of \$122,380.96 to B&H for gas supplied, and B&H paid a total of \$41,401.72 towards this debt, the outstanding balance owed from 2015 being \$80,979.24.

B&H's annual reports reflect a long-term outstanding debt of \$405,761.00 owed to the Commonwealth of Kentucky which references a 1995 loan from the Department of Local Government. The Department of Local Government has never sought repayment of this loan, and it is unclear to B&H whether this loan was converted to a grant, and/or otherwise abandoned by the Department of Local Government, which no longer exists. Upon information and belief other small utilities who received loans from the Department of Local Government had their loans converted to grants or were otherwise released from their obligation to pay. B&H has no records of this loan after B&H's records were destroyed by two fires at B&H's office in December, 2014 and January, 2015, respectively. B&H has continued to document this loan on its books, but to the best of B&H's knowledge the Commonwealth of Kentucky does not intend to collect on this loan.



KENTUCKY CORPORATION INCOME TAX AND LLET RETURN

See instructions. Taxable period beginning 201 and ending 201

Form section containing: B Check applicable box(es); D Federal Identification Number; Taxable Year Ending 12/15; Name of Corporation B & H GAS COMPANY INC.; Address P.O. BOX 447; City Betsy Layne, KY 41605; Telephone Number 606 478-5264; State and Date of Incorporation KY 01/01/1963; E Name of Common Parent

Form section containing: C Income Tax Return; F Check if applicable: Initial return, Final return, Short-period return, Change of name, Change of address, Change of accounting period; G Check if applicable: Amended return, Amended return - RAR; Provide explanation of changes in Part V

Table with 22 columns for LLET computation and 22 columns for Income Tax Computation. Includes rows for Schedule LLET, Tax credit recapture, Total, Nonrefundable LLET credit, LLET liability, Withholding tax, Estimated tax payments, Extension payment, Prior year's tax credit, LLET overpayment, LLET due, LLET overpayment, Credited to 2015 income tax, Credited to 2015 interest, Credited to 2015 penalty, Credited to 2016 LLET, Amount to be refunded.

TAX PAYMENT SUMMARY (Round to nearest dollar) and OFFICIAL USE ONLY section. Includes subtotals for LLET and INCOME (Income tax due, Interest, Penalty, Subtotal) and a TOTAL PAYMENT of \$175.



B & H GAS COMPANY INC.

PART III - TAXABLE INCOME COMPUTATION

1	Federal taxable income (Form 1120, line 28)	1	-213907	00	14	Federal work opportunity credit	14	00
ADDITIONS:					15	Depreciation adjustment	15	00
2	Interest income (state and local obligations)	2		00	16	Other (attach Schedule O-720)	16	00
3	State taxes based on net/gross income	3		00	17	Revenue Agent Report (RAR)	17	00
4	Depreciation adjustment	4		00	18	Net income (line 11 less lines 12 through 17)	18	-213907
5	Deductions attributable to nontaxable income	5		00	19	Current net operating loss adjustment (mandatory nexus only)	19	00
6	Related party expenses (attach Sub RPC)	6		00	20	Kentucky net income (add lines 18 and 19)	20	-213907
7	Dividend paid deduction (REIT)	7		00	21	Taxable net income (attach Schedule A if applicable)	21	-213907
8	Domestic production activities deduction	8		00	22	Net operating loss deduction (NOLD)	22	00
9	Other (attach Schedule O-720)	9		00	23	Taxable net income after NOLD (line 21 less line 22)	23	-213907
10	Revenue Agent Report (RAR)	10		00	24	Kentucky domestic production activities deduction (KDPAD)	24	00
11	Total (add lines 1 through 10)	11	-213907	00	25	Taxable net income after KDPAD (line 23 less line 24)	25	-213907
SUBTRACTIONS:								
12	Interest income (U.S. obligations)	12		00				
13	Dividend income	13		00				

PART IV - EXPLANATION OF FINAL RETURN AND/OR SHORT-PERIOD RETURN

- Ceased operations in Kentucky
- Change of ownership
- Successor to previous business
- Change in filing status
- Merger
- Other

PART V - EXPLANATION OF AMENDED RETURN CHANGES

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.

Has the attached officer information changed from the last return filed? Yes No

President's Name BUD RIFE President's Home Address _____

President's Social Security Number [REDACTED] P.O. BOX 339

Date Became President _____ HAROLD, KY 41635

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

[Signature] _____ Date _____
Signature of principal officer or chief accounting officer

BUD RIFE _____
Printed name of principal officer or chief accounting officer

DARRELL MADDEN, CPA [Signature] 5/24/16 _____
Name of person or firm preparing return SSN, PTIN or FEIN

PO BOX 529, HINDMAN, KY 41822

Federal Form 1120, all pages and any supporting schedules must be attached.

May the DOR discuss this return with the preparer?
 Yes No

Make check payable to:
Kentucky State Treasurer

Email Address: _____
Telephone No.: 606-785-5046



REFUNDS OR NO TAX DUE

PAYMENTS

Kentucky Department of Revenue, Frankfort, KY 40618-0010

Kentucky Department of Revenue, Frankfort, KY 40620-0020

www.revenue.ky.gov



B & H GAS COMPANY INC.
SCHEDULE Q - KENTUCKY CORPORATION/LLET QUESTIONNAIRE

IMPORTANT: Questions 4 - 15 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1 Indicate whether: (a) new business;
 (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership;
 (3) sole proprietorship; or (4) other _____

If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.

2 List the following *Kentucky* account numbers. Enter N/A for any number not applicable.
 Employer Withholding _____
 Sales and Use Tax Permit _____
 Consumer Use Tax _____
 Unemployment Insurance _____
 Coal Severance and/or Processing Tax _____

3 If a foreign corporation, enter the date qualified to do business in Kentucky. _____

4 The corporation's books are in care of: (name and address)

5 Are disregarded entities included in this return?
 Yes No. If yes, list name, address and federal I.D. number of each entity. _____

6 (a) Was the corporation a partner or member in a pass-through entity doing business in Kentucky? Yes No.
 If yes, list name and federal I.D. number of the pass-through entity(ies).

(b) Was the corporation doing business in Kentucky other than through its interest held in a pass-through entity doing business in Kentucky? Yes No

7 Are related party costs as defined in KRS 141.205(1)(T) included in this return? Yes No.
 If yes, attach Schedule RPC, Related Party Costs Disclosure Statement, and enter any related party cost additions on Part III, Line 6.

8 Did the corporation at any time during the taxable year do business in KY and own 80 percent or more of the voting stock of another corporation doing business in KY?
 Yes No. If yes, list name, address and federal I.D. number of each entity. _____

9 Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year?
 Yes No. If yes, list name, address and federal I.D. number of each entity.

10 The federal tax return attached to this Kentucky tax return is:
 a pro forma federal tax return a copy of the federal tax return filed with the Internal Revenue Service

11 Is the entity filing this Kentucky tax return or any entity included in the tax return organized as a limited cooperative association as provided by KRS Chapter 272A? Yes No.
 If yes, and this is a nexus consolidated return, enter each limited cooperative association's name, address and federal I.D. number included in the return:

12 Is the entity filing this Kentucky tax return or any entity included in this tax return organized as a statutory trust or a series statutory trust as provided by KRS Chapter 386A? Yes No
 If yes, is the entity filing this Kentucky tax return or any entity included in this tax return a series within a statutory trust?
 Yes No.
 If yes, for each series within a statutory trust, enter the name, address and federal I.D. number of the statutory trust registered with the Kentucky Secretary of State:

13 Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other _____

14 Did the corporation file a Kentucky tangible personal property tax return for January 1, 2016? Yes No
 If yes, list name and federal I.D. number of entity(ies) filing return(s):

15 Is the corporation currently under audit by the Internal Revenue Service?.. Yes No
 If yes, enter years under audit.... _____
 If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to the department, check here and file an amended return. See 2015 Kentucky Corporation Income Tax and LLET Return Instructions for Information regarding amended returns. Attach a copy of the final determination to each amended return.



LIMITED LIABILITY ENTITY TAX
 KRS 141.0401

Member of a Combined Group
 Reason Code

➤ See instructions.
 ➤ Attach to Form 720, 720S, 725 or 765.

Name of Corporation or Limited Liability Pass-through Entity B & H GAS COMPANY INC.	Federal Identification Number ██████████	Kentucky Corporation/LLET Account Number
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Check this box and complete Schedule LLET-C, Limited Liability Entity Tax - Continuation Sheet, if the corporation or limited liability pass-through entity filing this tax return is a partner or member of a limited liability pass-through entity or general partnership (organized or formed as a general partnership after January 1, 2006) doing business in Kentucky. Enter the total amounts from Schedule LLET-C in Section A of this schedule.

Section A – Computation of Gross Receipts and Gross Profits

		Column A Kentucky	Column B Total
1 Gross receipts	1	187224.00	187224.00
2 Returns and allowances	2	365.00	365.00
3 Gross receipts after returns and allowances (line 1 less line 2 or amount from Schedule LLET-C)	3	186859.00	186859.00
4 Cost of goods sold (attach Schedule COGS)	4	128618.00	128618.00
5 Gross profits (line 3 less line 4 or amount from Schedule LLET-C)	5	58241.00	58241.00

Section B – Computation of Gross Receipts LLET

1 If gross receipts from all sources (Column B, line 3) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1	1			
2 If gross receipts from all sources (Column B, line 3) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 3 x 0.00095) – [\$2,850 x (\$6,000,000 – Column A, line 3)] $\frac{\$3,000,000}{\$3,000,000}$ but in no case shall the result be less than zero	2		00	
3 If gross receipts from all sources (Column B, line 3) are \$6,000,000 or greater, enter the following: Column A, line 3 x 0.00095	3		00	
4 Enter the amount from line 2 or line 3	4		0.00	

Section C – Computation of Gross Profits LLET

1 If gross profits from all sources (Column B, line 5) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1	1			
2 If gross profits from all sources (Column B, line 5) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) – [\$22,500 x (\$6,000,000 – Column A, line 5)] $\frac{\$3,000,000}{\$3,000,000}$ but in no case shall the result be less than zero	2		00	
3 If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075	3		00	
4 Enter the amount from line 2 or line 3	4		0.00	

Section D – Computation of LLET

1 Enter the lesser of Section B, line 4 or Section C, line 4, or a minimum of \$175 on this line and on Form 720 or 720S, Part I, line 1; or Form 725 or 765, Part II, line 1	1		175.00	
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Mark the applicable Receipts Method box on Form 720, 720S, 725 or 765, page 1, Item B.



**LIMITED LIABILITY ENTITY TAX
 COST OF GOODS SOLD**

KRS 141.0401 (1)

▶ See Instructions.
 ▶ Attach to Form 720, 720S, 725 or 765.

Name of Entity		Federal Identification Number	Kentucky Corporation/LLET Account Number	
B & H GAS COMPANY INC.		[REDACTED]		
		Federal Form 1125-A Cost of Goods Sold	Limited Liability Entity Tax	
			Column A Kentucky Cost of Goods Sold	Column B Total Cost of Goods Sold
1	Inventory at beginning of year		128,618.	128,618.
2	Purchases			
3	Cost of labor			
4	Additional section 253A costs			
5	Other costs	128,618.	128,618.	128,618.
6	Total. Add lines 1 through 5			
7	Inventory at end of year		128,618.	128,618.
8	Cost of goods sold. Subtract line 7 from line 6	128,618.	128,618.	128,618.
9	Detail of purchases on line 2:			
(a)				
(b)				
(c)				
(d)				
(e)				
(f)				
(g)				
(h)				
(i)				
(j)				
(k)				
10	Detail of additional section 253A costs on line 4:			
(a)				
(b)				
(c)				
(d)				
(e)				
(f)				
(g)				
(h)				
(i)				
(j)				
(k)				
11	Detail of other costs on line 5:			
(a)				
(b)				
(c)				
(d)				
(e)				
(f)				
(g)				
(h)				
(i)				
(j)				
(k)				

Form 1120

U.S. Corporation Income Tax Return

OMB No. 1545-0123

For calendar year 2015 or tax year beginning _____, 2015, ending _____

2015

Department of the Treasury Internal Revenue Service

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

A Check if:

1 a Consolidated return (attach Form 851) TYPE OR PRINT

b Life/nonlife consolidated return

2 Personal holding co. (attach Sch. PH)

3 Personal service corp. (see instrs)

4 Schedule M-3 attached

B Employer identification number
[REDACTED]

C Date incorporated
1/01/1963

D Total assets (see instructions)
\$ 50,504.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

B & H GAS COMPANY INC.
P.O. BOX 447
BETSY LAYNE, KY 41605

RECORD FOR LIMITATIONS ON DEDUCTIONS	1 a Gross receipts or sales	1 a	187,224.		
	b Returns and allowances	1 b	365.		
	c Balance. Subtract line 1b from line 1a	1 c		186,859.	
	2 Cost of goods sold (attach Form 1125-A)	2		128,618.	
	3 Gross profit. Subtract line 2 from line 1c	3		58,241.	
	4 Dividends (Schedule C, line 19)	4			
	5 Interest	5			
	6 Gross rents	6			
	7 Gross royalties	7			
	8 Capital gain net income (attach Schedule D (Form 1120))	8			
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9				
10 Other income (see instructions - attach statement)	10				
11 Total income. Add lines 3 through 10	11			58,241.	
12 Compensation of officers (see instructions - attach Form 1125-E)	12			32,400.	
13 Salaries and wages (less employment credits)	13			22,400.	
14 Repairs and maintenance	14			148,768.	
15 Bad debts	15			4,203.	
16 Rents	16			23,391.	
17 Taxes and licenses	17		SEE STATEMENT 1	7,288.	
18 Interest	18				
19 Charitable contributions	19				
20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20				
21 Depletion	21				
22 Advertising	22				
23 Pension, profit-sharing, etc., plans	23				
24 Employee benefit programs	24			8,230.	
25 Domestic production activities deduction (attach Form 8903)	25				
26 Other deductions (attach statement)	26		SEE STATEMENT 2	25,468.	
27 Total deductions. Add lines 12 through 26	27			272,148.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28			-213,907.	
29a Net operating loss deduction (see instructions)	29a		SEE ST. 3	0.	
b Special deductions (Schedule C, line 20)	29b				
c Add lines 29a and 29b	29c				
30 Taxable income. Subtract line 29c from line 28 (see instructions)	30			-213,907.	
31 Total tax (Schedule J, Part I, line 11)	31			0.	
32 Total payments and refundable credits (Schedule J, Part II, line 21)	32			0.	
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	33				
34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed	34			0.	
35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid	35				
36 Enter amount from line 35 you want: Credited to 2016 estimated tax. Refunded <input checked="" type="checkbox"/>	36				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer: _____ Date: _____ Title: **PRESIDENT**

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only

Print/type preparer's name: **DARRELL MADDEN, CPA** Preparer's signature: *Darrell Madden CPA* Date: **5/24/16** Check self-employed if PTIN: **P01256506**

Firm's name: **DARRELL MADDEN, CPA** Firm's EIN: [REDACTED]

Firm's address: **PO BOX 529 HINDMAN, KY 41822** Phone no.: **(606) 785-5046**

Schedule C

Dividends and Special Deductions
(see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

Table with 11 rows for tax computation. Includes items like 'Check if the corporation is a member of a controlled group', 'Income tax', 'Alternative minimum tax', 'Foreign tax credit', 'Total credits', 'Personal holding company tax', 'Recapture of investment credit', 'Interest due under the look-back method', 'Alternative tax on qualifying shipping activities', 'Total', and 'Total tax'.

Part II - Payments and Refundable Credits

Table with 10 rows for payments and refundable credits. Includes items like '2014 overpayment credited to 2015', '2015 estimated tax payments', '2015 refund applied for on Form 4466', 'Tax deposited with Form 7004', 'Withholding', 'Total payments', 'Refundable credits from', 'Total credits', and 'Total payments and credits'.

Schedule K Other Information (see instructions)

Table with 4 rows for other information. Includes questions about accounting method (Cash vs Accrual), business activity code (221210), business activity (NATURAL GAS SALES), product or service (NATURAL GAS), and ownership structure questions.

Schedule K Other Information *continued* (see instructions)

				Yes	No
5 At the end of the tax year, did the corporation:					
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions.					X
If 'Yes,' complete (i) through (iv) below.					
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions.					X
If 'Yes,' complete (i) through (iv) below.					
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)					X
If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions.					
If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary					
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?					X
For rules of attribution, see section 318. If 'Yes,' enter:					
(i) Percentage owned > _____ and (ii) Owner's country > _____					
(c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached > _____					
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount.					<input type="checkbox"/>
If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.					
9 Enter the amount of tax-exempt interest received or accrued during the tax year > \$ _____					NONE
10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) > <u>1</u>					
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here.					<input checked="" type="checkbox"/>
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.					
12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) > \$ <u>1,011,647.</u>					
13 Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000?				X	
If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year > \$ <u>NONE</u>					
14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?					X
If 'Yes,' complete and attach Schedule UTP.					
15a Did the corporation make any payments in 2015 that would require it to file Form(s) 1099?					X
b If 'Yes,' did or will the corporation file required Forms 1099?					
16 During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?					X
17 During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?					X
18 Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?					X

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		2,393.		4,299.
2a	Trade notes and accounts receivable	53,445.		33,040.	
b	Less allowance for bad debts		53,445.		33,040.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach statement)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach statement)				
10a	Buildings and other depreciable assets	251,062.		251,062.	
b	Less accumulated depreciation	237,897.	13,165.	237,897.	13,165.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	34,252.		34,252.	
b	Less accumulated amortization	34,252.		34,252.	
14	Other assets (attach statement) SEE ST. 1.		1.		
15	Total assets		69,004.		50,504.
Liabilities and Shareholders' Equity					
16	Accounts payable		1,527,210.		1,728,009.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach stmt) SEE ST. 2.		11,133.		11,193.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		212,941.		212,941.
21	Other liabilities (attach statement) SEE ST. 3.		5,952.		952.
22	Capital stock: a Preferred stock				
b	Common stock	8,000.	8,000.	8,000.	8,000.
23	Additional paid-in capital		11,412.		11,412.
24	Retained earnings — Approp (att stmt)				
25	Retained earnings — Unappropriated		-1,707,644.		-1,922,003.
26	Adjmt to shareholders' equity (att stmt)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		69,004.		50,504.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3 (see instructions).

1	Net income (loss) per books	-214,359.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation .. \$	
b	Charitable contributions \$		b	Charitable contribns \$	
c	Travel & entertainment \$				
	STATEMENT 4 452.				
		452.	9	Add lines 7 and 8	0.
6	Add lines 1 through 5	-213,907.	10	Income (page 1, line 28) — line 6 less line 9	-213,907.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-1,707,644.	5	Distributions	a Cash...
2	Net income (loss) per books	-214,359.	b	Stock	c Property...
3	Other increases (itemize):		6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-1,922,003.	8	Balance at end of year (line 4 less line 7)	-1,922,003.

B & H GAS COMPANY INC.

STATEMENT 1
FORM 1120, SCHEDULE L, LINE 14
OTHER ASSETS

	<u>BEGINNING</u>	<u>ENDING</u>
ROUNDING.....	\$ 1.	\$ 0.
TOTAL	<u>\$ 1.</u>	<u>\$ 0.</u>

STATEMENT 2
FORM 1120, SCHEDULE L, LINE 18
OTHER CURRENT LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
ACCRUED PAYROLL TAXES.....	\$ 1,623.	\$ 1,683.
CUSTOMER DEPOSITS.....	9,510.	9,510.
TOTAL	<u>\$ 11,133.</u>	<u>\$ 11,193.</u>

STATEMENT 3
FORM 1120, SCHEDULE L, LINE 21
OTHER LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
DUE TO RELATED COMPANY.....	\$ 5,952.	\$ 952.
TOTAL	<u>\$ 5,952.</u>	<u>\$ 952.</u>

STATEMENT 4
FORM 1120, SCHEDULE M-1, LINE 5
BOOK EXPENSES NOT DEDUCTED

OFFICER LIFE INSURANCE PREMIUMS.....	\$ 418.
PENALTIES.....	34.
TOTAL	<u>\$ 452.</u>

Cost of Goods Sold

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
▶ Information about Form 1125-A and its instructions is at www.irs.gov/Form1125a.

Name **B & H GAS COMPANY INC.** Employer identification number **[REDACTED]**

1	Inventory at beginning of year	1	
2	Purchases	2	128,618.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	128,618.
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	128,618.

9 a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market
- (iii) Other (Specify method used and attach explanation).....

b Check if there was a writedown of subnormal goods. ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)?..... Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation..... Yes No

BAA For Payroll Reduction Act Notice, see instructions.

Form 1120

U.S. Corporation Income Tax Return

OMB No. 1545-0123

2015

Department of the Treasury Internal Revenue Service

For calendar year 2015 or tax year beginning 2015, ending 2015. Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

A Check if: 1 a Consolidated return (attach Form 991) TYPE OR PRINT b Life/nonlife consolidated return 2 Personal holding co. (attach Sch. 707) PRINT B & H GAS COMPANY INC. P.O. BOX 447 BETSY LAYNE, KY 41605 B Employer identification number C Date incorporated 1/01/1963 D Total assets (see instructions) \$ 50,504. E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Table with 3 columns: Description, Line Number, Amount. Rows include: 1a Gross receipts or sales 187,224; 1b Returns and allowances 365; 1c Balance 186,859; 2 Cost of goods sold 128,618; 3 Gross profit 58,241; 4 Dividends; 5 Interest; 6 Gross rents; 7 Gross royalties; 8 Capital gain net income; 9 Net gain or loss from Form 4797; 10 Other income; 11 Total income 58,241.

Table with 3 columns: Description, Line Number, Amount. Rows include: 12 Compensation of officers 32,400; 13 Salaries and wages 22,400; 14 Repairs and maintenance 148,768; 15 Bad debts 4,203; 16 Real estate taxes 23,391; 17 Taxes and licenses SEE STATEMENT 1 7,288; 18 Insurance; 19 Charitable contributions; 20 Deduction from Form 4562; 21 Depreciation; 22 Advertising; 23 Pension, profit-sharing, etc., plans; 24 Employee benefit programs 8,230; 25 Domestic production activities deduction; 26 Other deductions SEE STATEMENT 2 25,468; 27 Total deductions 272,148; 28 Taxable income before net operating loss deduction and special deductions -213,907; 29a Net operating loss deduction SEE ST. 3 0; 29b Special deductions; 29c Adjusted taxable income -213,907.

Table with 3 columns: Description, Line Number, Amount. Rows include: 30 Taxable income -213,907; 31 Tax credits (Schedule J, Part I, line 11) 0; 32 Payments and refundable credits (Schedule J, Part II, line 21) 0; 33 Estimated tax penalty; 34 Amount owed 0; 35 Overpayment; 36 Refund.

Under penalty of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Sign Here: [Signature] Date: [Date] Title: PRESIDENT

Paid Preparer Use Only: Preparer's name: DARRELL MADDEN, CPA; Preparer's signature: Darrell Madden CPA; Date: 5/24/15; Check self-employed; Firm's EIN: P01256506; Firm's address: PO BOX 529 HINDMAN, KY 41822; Phone no. (606) 785-5046

Schedule	Dividends and Special Deductions (see instructions)	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than dividends from preferred stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than dividends from preferred stock)		80	
3	Dividends from debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends from certain preferred stock of less-than-20%-owned public companies		42	
5	Dividends from certain preferred stock of 20%-or-more-owned public companies		48	
6	Dividends from less-than-20%-owned foreign corporations and certain S corporations		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain S corporations		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	Total. Add lines 1 through 8. See instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form 990-B) (s:471)			
15	Foreign tax credit gross-up			
16	IC-DISC or other DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deductible dividends paid on certain preferred stock of public companies			
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 1			
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule E Tax Computation and Payment (see instructions)

Part I - Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4625)		
4	Add lines 2, 3, and 4		0.
5a	Foreign tax credit (attach Form 1118)		
5b	Credit from Form 8834 (see instructions)		
5c	General business credit (attach Form 3800)		
5d	Credit for prior year minimum tax (attach Form 8827)		
5e	Bond credits on Form 8912		
6	Total credit (add lines 5a through 5e)		
7	Subtract line 6 from line 4		
8	Personal service company tax (attach Schedule PH (Form 1120))		
9a	Recapture of investment credit (attach Form 4255)		
9b	Recapture of income housing credit (attach Form 8611)		
9c	Interest expense for the look-back method - completed long-term contracts (attach Form 7)		
9d	Interest expense for the look-back method - income forecast method (attach Form 8)		
9e	Alternative fuel qualifying shipping activities (attach Form 8902)		
9f	Other (see instructions - attach statement)		
10	Total. Add lines 7, 8, and 9a through 9f		
11	Total tax. Add lines 3, 7, 8, and 10. Enter here and on page 1, line 31		0.

Part II - Payments and Refundable Credits

12	2014 overpayment credited to 2015		12
13	2015 estimated tax payments		13
14	2015 refund for overpayment on Form 4466		14
15	Combine lines 13, and 14		0.
16	Tax deduction on Form 7004		16
17	Withholding (see instructions)		17
18	Total payments. Add lines 15, 16 and 17		0.
19	Refundable credits from:		
19a	Form 2		
19b	Form 4		
19c	Form 8		
19d	Other (see instructions)		
20	Total refundable credits. Add lines 19a through 19d		20
21	Total payments and refundable credits. Add lines 18 and 20. Enter here and on page 1, line 32		0.

Schedule E Other Information (see instructions)

1	Check the reporting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See instructions and enter the:		
a	Business code no. <u>221210</u>		
b	Business name <u>NATURAL GAS SALES</u>		
c	Product <u>NATURAL GAS</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If 'Yes,' enter the name and EIN of the parent corporation _____		X
4	At the end of the tax year:		
a	Did any individual, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G)		X
b	Did any estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G)	X	

Schedule E Tax Computation and Payment (see instructions)

Part I - Tax Computation			
1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax credit for a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)	5 a	
b	Credit for foreign taxes (attach Form 9834 (see instructions))	5 b	
c	General business credit (attach Form 3800)	5 c	
d	Credit for prior year minimum tax (attach Form 8827)	5 d	
e	Bond credit (attach Form 8912)	5 e	
6	Total credit from lines 5a through 5e	6	
7	Subtract line 6 from line 4	7	
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9a	Recapture of investment credit (attach Form 4255)	9 a	
b	Recapture of income housing credit (attach Form 8611)	9 b	
c	Interest expense for the look-back method - completed long-term contracts (attach Form 7)	9 c	
d	Interest expense for the look-back method - income forecast method (attach Form 8)	9 d	
e	Alternative fuel qualifying shipping activities (attach Form 8902)	9 e	
f	Other (attach statement)	9 f	
10	Total. Add lines 9a through 9f	10	
11	Total tax liability from lines 7, 8, and 10. Enter here and on page 1, line 31	11	0.

Part II - Foreign Tax and Refundable Credits			
12	2014 credit carried over to 2015	12	
13	2015 credit payments	13	
14	2015 refundable credit for on Form 4466	14	
15	Combine lines 13, and 14	15	0.
16	Tax deferral credit (Form 7004)	16	
17	Withholding credit (see instructions)	17	
18	Total. Add lines 15, 16 and 17	18	0.
19	Refundable credit from:		
a	Form 2	19 a	
b	Form 4	19 b	
c	Form 5	19 c	
d	Other (attach statement - see instructions)	19 d	
20	Total. Add lines 19a through 19d	20	
21	Total. Add lines 18 and 20. Enter here and on page 1, line 32	21	0.

Schedule M-1 Other Information (see instructions)		Yes	No
1	Check the accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____		
2	See instructions and enter the: a Business code no. <u>221210</u> b Business name <u>NATURAL GAS SALES</u> c Product <u>NATURAL GAS</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If 'Yes,' enter the name and EIN of the parent corporation _____		X
4	At the close of the tax year: a Did any individual, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own, directly or indirectly, 20% or more of the total voting power of all classes of the corporation's stock entitled to vote? If 'Yes,' complete Part I of Schedule G (Form 1120) (attach Schedule G) _____		X
	b Did any estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of the corporation's stock entitled to vote? If 'Yes,' complete Part II of Schedule G (Form 1120) (attach Schedule G) _____	X	

Sched

Balance Sheets per Books

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		2,393.		4,299.
2a Trade accounts receivable	53,445.		33,040.	
b Less accounts payable		53,445.		33,040.
3 Inventories				
4 U.S. government securities				
5 Tax assets (see instructions)				
6 Other current assets (attach statement)				
7 Loans to shareholders				
8 Mortgage loans				
9 Other loans (attach statement)				
10a Buildings and other depreciable assets	251,062.		251,062.	
b Less accumulated depreciation	237,897.	13,165.	237,897.	13,165.
11a Depreciation depletion				
b Less accumulated depreciation				
12 Land (attach statement)				
13a Intangible assets (amortizable only)	34,252.		34,252.	
b Less accumulated amortization	34,252.		34,252.	
14 Other intangible assets (attach statement) SEE ST. 4		1.		
15 Total assets		69,004.		50,504.
16 Total liabilities and shareholders' equity				
17 Accounts payable in less than 1 year		1,527,210.		1,728,009.
18 Other liabilities (attach stmt) SEE ST. 5		11,133.		11,193.
19 Loans to shareholders				
20 Mortgage loans payable in 1 year or more		212,941.		212,941.
21 Other liabilities (attach statement) SEE ST. 6		5,952.		952.
22 Capital stock				
23a Common stock	8,000.	8,000.	8,000.	8,000.
24 Additional paid-in capital		11,412.		11,412.
25 Retained earnings (Unappropriated)		-1,707,644.		-1,922,003.
26 Additional paid-in capital (attach statement)				
27 Loans to shareholders				
28 Total liabilities and shareholders' equity		69,004.		50,504.

Sched

Reconciliation of Income (Loss) per Books With Income per Return

Note: The corporation may be required to file Schedule M-3 (see instructions).

1 Net income per books	-214,359.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income taxes		Tax-exempt interest \$	
3 Expenses over capital gains			
4 Income tax not recorded on books			
5 Expenses on books this year not recorded on return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation .. \$	
b Charitable contributions \$		b Charitable contribns \$	
c Other \$			
STAX 452.		9 Add lines 7 and 8	0.
	452.	10 Income (page 1, line 28) - line 6 less line 9	-213,907.
6 Adjusted net income	-213,907.		

Sched

Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	-1,707,644.	5 Distributions	a Cash	
2 Net income per books	-214,359.	b Stock	c Property	
3 Other changes		6 Other decreases (itemize):		
		7 Add lines 5 and 6		
4 Adjusted net income	-1,922,003.	8 Balance at end of year (line 4 less line 7)		-1,922,003.

Cost of Goods Sold

OMB No. 1545-2225

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.
 ▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

B & O

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9a

Name		Employer identification number
B & O NY INC.		[REDACTED]
1	Beginning of year	1
2		2 128,618.
3		3
4	Costs (attach schedule)	4
5	(attach schedule)	5
6	through 5	6 128,618.
7	year	7
8	d. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the your tax return (see instructions)	8 128,618.
9a	used for valuing closing inventory:	

- (d)
- b
- c
- d
- u
- e
- f
- g

Cost or market method used and attach explanation

a Writedown of subnormal goods

b Inventory method was adopted this tax year for any goods (if checked, attach Form 970)

c Inventory method was used for this tax year, enter amount of closing inventory computed

d 9d

e If purchased or acquired for resale, do the rules of section 263A apply to the entity (see instructions)? Yes No

f Was there a change in determining quantities, cost, or valuations between opening and closing inventory? Yes No

g If "Yes," attach explanation

BAA F

Compensation of Officers

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-REIT, 1120-RIC, or 1120-S.
 ▶ Information about Form 1125-E and its separate instructions is at www.irs.gov/form1125a.

Employer identification number
XXXXXXXXXX

Name B & H COMPANY INC.

Note. Complete Form 1125-E only if total receipts are \$500,000 or more. See instructions for definition of total receipts.

1	Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	BUD RI	XXXXXXXXXX	0 %	100 %	0.00 %	32,400.
			0 %	0 %	0 %	
			0 %	0 %	0 %	
			0 %	0 %	0 %	
			0 %	0 %	0 %	
			0 %	0 %	0 %	
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			0 %	0 %	0 %	
			0 %	0 %	0 %	
			0 %	0 %	0 %	
			0 %	0 %	0 %	

2 Total compensation of officers..... 32,400.

3 Compensation of officers claimed on Form 1125-A or elsewhere on return.....

4 Subtract line 3 from line 2. Enter the result here and on Form 1120, page 1, line 12 or the appropriate line of Form 1120-S, page 1, line 12..... 32,400.

B & H GAS COMPANY INC.

STATE FORM TAXES AND	2015	SECTION 17			
		EXPENSES			
KY PUBLIC SERVICE COMM. ASSESS.				\$	416.
KY SALES TAX INCLUDED IN INCOM.					1,824.
OTHER TAXES LICENSE					518.
PAYROLL TAXES					4,530.
				TOTAL	\$ 7,288.

STATE FORM OTHER	SECTION 16				
		EXPENSES			
BANK SERVICE CHARGES				\$	643.
INSURANCE					9,240.
LEGAL AND PROFESSIONAL					2,050.
MISCELLANEOUS					4,513.
OFFICE EXPENSES					1,111.
POSTAGE					1,320.
SUPPLIES					968.
TELEPHONE					1,753.
UTILITIES					3,870.
				TOTAL	\$ 25,468.

STATE FORM NET OPERATING LOSS DEDUCTION	SECTION 179A				
CARRYFORWARD	GENERATED FROM YEAR END	12/31/97	\$	41,461.	
	CARRYOVER TO 2015				41,461.
CARRYFORWARD	GENERATED FROM YEAR END	12/31/98	\$	49,873.	
	CARRYOVER TO 2015				49,873.
CARRYFORWARD	GENERATED FROM YEAR END	12/31/99	\$	24,651.	
	CARRYOVER TO 2015				24,651.
CARRYFORWARD	GENERATED FROM YEAR END	12/31/02	\$	33,499.	
	CARRYOVER TO 2015				33,499.
CARRYFORWARD	GENERATED FROM YEAR END	12/31/03	\$	47,954.	
	CARRYOVER TO 2015				47,954.
CARRYFORWARD	GENERATED FROM YEAR END	12/31/04	\$	14,464.	

B & H GAS COMPANY INC.

S F N		NTINUED) 29A LOSS DEDUCTION	
			14,464.
CA		ATED FROM YEAR END 12/31/05	\$ 14,308.
		R CARRYOVER TO 2015.....	14,308.
CA		ATED FROM YEAR END 12/31/06	\$ 41,469.
		R CARRYOVER TO 2015.....	41,469.
CA		ATED FROM YEAR END 12/31/07	\$ 92,195.
		R CARRYOVER TO 2015.....	92,195.
CA		ATED FROM YEAR END 12/31/08	\$ 87,622.
		R CARRYOVER TO 2015.....	87,622.
CA		ATED FROM YEAR END 12/31/09	\$ 122,484.
		R CARRYOVER TO 2015.....	122,484.
CA		ATED FROM YEAR END 12/31/10	\$ 90,787.
		R CARRYOVER TO 2015.....	90,787.
CA		ATED FROM YEAR END 12/31/11	\$ 13,031.
		R CARRYOVER TO 2015.....	13,031.
CA		ATED FROM YEAR END 12/31/12	\$ 147,082.
		R CARRYOVER TO 2015.....	147,082.
CA		ATED FROM YEAR END 12/31/13	\$ 85,297.
		R CARRYOVER TO 2015.....	85,297.
CA		ATED FROM YEAR END 12/31/14	\$ 105,470.
		R CARRYOVER TO 2015.....	105,470.
NE		ASSES AVAILABLE IN 2015.....	\$ 1,011,647.
TF			-213,907.
TK		ING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....	<u>0.</u>

2015

FEDERAL STATEMENTS

B & H GAS COMPANY INC.

STATE
FOOT
NOT

FILE L, LINE 14

ROU

	BEGINNING	ENDING
TOTAL	\$ 1.	\$ 0.
	\$ 1.	\$ 0.

STATE
FOOT
NOT

FILE L, LINE 18
LIABILITIES

AC
CL

	BEGINNING	ENDING
TAXES.....	\$ 1,623.	\$ 1,683.
	9,510.	9,510.
TOTAL	\$ 11,133.	\$ 11,193.

STATE
FOOT
NOT

FILE L, LINE 21

DU

	BEGINNING	ENDING
COMPANY.....	\$ 5,952.	\$ 952.
TOTAL	\$ 5,952.	\$ 952.

STATE
FOOT
NOT

FILE M-1, LINE 5
NOT DEDUCTED

OE
PE

INSURANCE PREMIUMS.....	\$ 418.
	34.
TOTAL	\$ 452.

2015

FEDERAL SUPPORTING DETAIL

PAGE 1

B & H GAS COMPANY INC.

DEBIT
PAY

EMP
EMP
FED
STA

SECURITY TAXES.....	\$	3,398.
STATE TAXES		795.
FEDERAL TAXES.....		84.
STATE TAXES.....		253.
TOTAL	\$	<u>4,530.</u>

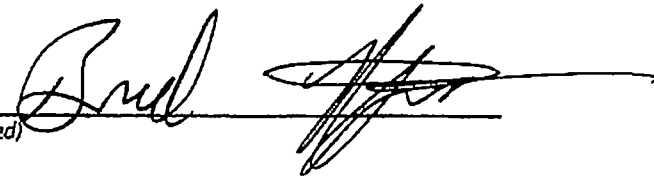
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between June 1, 2014 through June 30, 2016 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Bud Rife Construction Company	Gas line repair and maintenance	\$54,900.00
B&S Oil and Gas Company	Sold gas to B&H	\$79,894.82
Bud Rife	Office Rents	\$6,038.30
Bud Rife	Truck Leasing	\$25,984.00

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Bud Rife
(Print Name)


(Signed)

President, B&H Gas Company
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Floyd

Subscribed and sworn to before me by 
(Name)

this 30th day of June, 2016.


NOTARY PUBLIC
State-at-Large