

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

RECEIVED

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

DEC 28 2018

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:

Bud Rife
(Name)

P.O. Box 447
(Address - Number and Street or P.O. Box)

Betsy Layne, KY 41605
(Address - City, State, Zip)

606-478-5851
(Telephone Number)

bandhgas@mikrotec.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.
- BR 6. a. Applicant has 20 or ~~fewer~~ ^{more} 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, 2017.
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 \$ 431,433.33 and total revenues from service rates of \$ 485,307.65. 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.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
17. Approximately 90 (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.
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.

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

Bud Rife
Officer of the Company/Authorized Representative

Title

President

Date

12/28/2018

COMMONWEALTH OF KENTUCKY

COUNTY OF Fayette

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:

11/2/2022

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

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

Existing Rates - Minimum Bill - \$16.4104

Proposed Rates - Minimum Bill - \$15.00

Mcf charge

Customer Service Charge - \$15.00

First 2 Mcf - \$4.7938

All MCF - \$16.3209

Next 8 Mcf - \$1.9788

Next 20 Mcf - \$1.5611

Next 30 Mcf - \$1.3103

Gas Cost Recovery Rate - \$5.8083

Gas Cost Recovery Rate - \$5.8083

**NOTICE OF APPLICATION OF B & H GAS COMPANY
TO ADJUST RATES FOR NATURAL GAS SERVICE
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**
December 28th, 2018

Pursuant to the Kentucky Public Service Commission's regulation 807 KAR 5:076, B&H Gas Company, Inc. gives notice that an application has been filed on December 28th, 2018, with the Kentucky Public Service Commission seeking approval to adjust its rates for natural gas service. This rate adjustment will apply to all B&H Gas Company's customers. If B&H Gas Company's application is approved, monthly natural gas bills from B&H Gas Company will increase as follows:

Current Residential and Commercial Charges

	Base Rate	Gas Cost	Total
First 2 MCF (minimum bill)	<i>\$4.7938</i>	\$5.8083	\$16.4101
Next 8 MCF	<i>\$1.9788</i>	\$5.8083	\$7.7871
Next 20 MCF	<i>\$1.5611</i>	\$5.8083	\$7.3694
Next 30 MCF	<i>\$1.3103</i>	\$5.8083	\$7.1186

Proposed Rates

	Base Rate	Amount of Increase	Percentage of Increase %
Customer Service Charge (minimum bill)	<i>\$15.0000</i>	-\$1.4101	-9.1609 %
All MCF	<i>\$16.3209</i>	\$14.5901	800.81 %

Gas Cost

\$5.8083 per MCF

The B&H Gas Company average customer monthly usage is 4.5 MCFs per month. In 2017 the customers of B&H Gas Company used an average 1339 MCFs per month. The average cost per customer was \$35.88. Based on average usage, the cost will increase \$63.70 per month if the proposed rates are approved by the Kentucky Public Service Commission. The rates contained in this notice are the rates proposed by B&H Gas Company, however, the Kentucky Public Service

Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request to intervene to the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party. If the Kentucky Public Service Commission does not receive a request to intervene within thirty (30) days of the initial publication or mailing of this notice, the Kentucky Public Service Commission may take final action on the application. Any comments regarding this application may be submitted through the Commission's Web site at <http://psc.ky.gov/> or by mail to P.O. Box 615, Frankfort, Kentucky 40602.

Copies of B&H Gas Company's application may be obtained or viewed from B&H Gas Company, at 497 George Road, Betsy Layne, KY 41605, Monday through Friday from 8:30 a.m. to 5:00 p.m. The application and all documents filed with the Kentucky Public Service Commission may be viewed and downloaded at the Kentucky Public Service Commission's Web site at <http://psc.ky.gov/> or a copy can be obtained from the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 between the hours of 8:00 a.m. to 4:00 p.m.



Bud Rife
B&H Gas Company
President

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

B&H Gas Company has been operating at a loss for several years. It has also been several years since its last rate increase. In order to continue to provide safe and reliable natural gas service to its customers, B&H needs a rate increase that will allow B&H to fully pay its expenses each month and be able to be a stand alone company without receiving financial help from Mr. Rife's (B&H's President) non-regulated companies. B&H has reviewed its expenses and has also reviewed the items paid on B&H's behalf by other companies owned by Mr. Rife. B&H has made pro forma adjustments to the test period expenses for legal fees accrued in 2017 for various filings with the Commission. With the changes made, B&H would be able to operate on its own and pay it's liabilities on time.

REVENUE REQUIREMENT CALCULATION - OPERATING RATIO METHOD

(Method commonly used by investor owned utilities and/or non-profit entities that do not have long-term debt outstanding.)

Pro forma Operating Expenses Before Income Taxes	\$417,814.60
Operating Ratio	0.88
Sub-Total	<u>474,789.32</u>
Less: Pro forma Operating Expenses Before Income Taxes	<u>-417,814.60</u>
Net Income Allowable	56,974.72
Add: Provision for State and Federal Income Taxes, if Applicable (see footnote)	10,518.33
Interest Expense	
Pro forma Operating Expenses Before Taxes	417,814.60
Cost of Natural Gas (water utilities should leave this blank)	
Total Revenue Requirement	<u>485,307.65</u>
Less: Other Operating Revenue	
Non-operating Revenue	
Interest Income	
Total Revenue Required from Rates for Service	<u>485,307.65</u>
Less: Revenue from Sales at Present Rates	<u>53,874.32</u>
Required Revenue Increase	<u>431,433.33</u>
Required Revenue Increase stated as a Percentage of Revenue at Present Rates	<u>800.81%</u>

Provision for Income Taxes - Calculation of Tax Gross-Up Factor

Revenue	1
Less: 5% State Tax	-0.05
Sub-Total	0.95
Less: Federal Tax, 15% of Sub-Total	-0.1425
Percent Change in NOI	0.8075
Factor (Revenue of 1 divided by change in NOI)	1.23839
Times: Allowable Net Income	56,974.72
Net Income Before Taxes	70,556.93
Difference Equals Provision for State and Federal Income Taxes	13,582.21

Notes: (1) Natural gas utilities should deduct their cost of natural gas from pro forma operating expenses before performing the operating ratio calculation. The cost of natural gas should be added back and included in pro forma operating expenses when determining the total revenue requirement. (2) A provision for state and federal income taxes should only be included in the calculation of revenue requirements for utilities that file income tax returns and are liable for the payment of state and federal income taxes. Utilities whose income flows through to its owner's income tax returns for tax purposes should not include a provision for income taxes. (3) The conversion factor above is calculated using the minimum federal tax rate. Adjustment may be warranted where the actual federal tax rate exceeds the minimum federal tax rate.

B&H Gas Company 2017 Rate Analysis

Total Usage	Amount Billed	Minus Gas Cost	Revenue	ARF Differnce	Proposed Rate Revenue
13828 MCF	\$163,496.00	(\$113,928.00)	\$49,568.00	\$200,631.83	\$250,199.83

BILLING ANALYSIS - FLAT RATES

Revenue from Present/Proposed Rates

	<u>Current Rate</u>	<u>Proposed Rate</u>
Number of Customers	258	258
Flat Monthly Rate	\$0.00	\$0.00
Monthly Revenue	\$0.00	\$0.00
Number of Months	12	12
Annual Revenue	\$0.00	\$0.00

CLIENT

B & H GAS COMPANY INC.

8/08/18

11:59AM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ 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
3	LINE REPLACEMENT	12/01/17		55,220				150DB MQ	15	690
TOTAL				306,282		0	237,897			690
TOTAL DEPRECIATION				306,282		0	237,897			690
GRAND TOTAL DEPRECIATION				306,282		0	237,897			690

12/31/17

2017 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

CLIENT [REDACTED]

B & H GAS COMPANY INC.

[REDACTED]

8/08/18

11:59AM

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				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
3	LINE REPLACEMENT	12/01/17		55,220							55,220		150DB MQ	15	.01250	690
TOTAL				306,282		0	0	15,362	0	0	290,920	222,535				690
TOTAL DEPRECIATION				306,282		0	0	15,362	0	0	290,920	222,535				690
GRAND TOTAL DEPRECIATION				306,282		0	0	15,362	0	0	290,920	222,535				690

12/31/17

2017 FEDERAL ALTERNATIVE MINIMUM TAX DEPRECIATION SCHEDULE

PAGE 1

CLIENT

B & H GAS COMPANY INC.

8/08/18

11:59AM

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 PREE.	LEAS PER PROP PREE.	59 (E)(2) 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
3	LINE REPLACEMENT	12/01/17		55,220		150DB MQ	15	.01250	690	690					0
TOTAL				290,920	78,969				690	690		0	0	0	0
TOTAL DEPRECIATION				290,920	78,969				690	690		0	0	0	0
GRAND TOTAL DEPRECIATION				290,920	78,969				690	690		0	0	0	0

12/31/17

2017 FEDERAL ADJUSTED CURRENT EARNINGS DEPRECIATION SCHEDULE

PAGE 1

CLIENT

B & H GAS COMPANY INC.

8/08/18

11:59AM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	ACE BASIS	PRIOR ACE DEPR	ACE METHOD	ACE LIFE	ACE RATE	ACE DEPR.	SPECIAL DEPR. ALLOW.	POST 1993 PROPERTY	POST 1989 PRE 1994	PRE 1990 MACRS PR	PRE 1990 ACRS PRP.	SECT. 168 PROPERTY	OTHER PROPERTY
FORM 1120																
1	EQUIPMENT	7/01/07		78,969	78,969				0	0						
2	PRE 2007 FULLY DEP. E	7/01/00		156,731					0	0						
3	LINE REPLACEMENT	12/01/17		55,220					690	0	690					
TOTAL				290,920	78,969				690	0	690	0	0	0	0	0
TOTAL DEPRECIATION				290,920	78,969				690	0	690	0	0	0	0	0
GRAND TOTAL DEPRECIATI				290,920	78,969				690	0	690	0	0	0	0	0

12/31/17

2017 BOOK DEPRECIATION SCHEDULE

PAGE 1

CLIENT [REDACTED]

B & H GAS COMPANY INC.

[REDACTED]

8/08/18

11:59AM

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
3	LINE REPLACEMENT	12/01/17		55,220							55,220		150DB MQ	15	.01250	690
TOTAL				306,282		0	0	0	0	0	306,282	235,700				690
TOTAL DEPRECIATION				<u>306,282</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>306,282</u>	<u>235,700</u>				<u>690</u>
GRAND TOTAL DEPRECIATION				<u>306,282</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>306,282</u>	<u>235,700</u>				<u>690</u>

B&H Gas Company

Usage Report Grouped Per 2

Through 05/31/2017 to 09/30/2017

Service	Usage through...	No of Customers	Total Used	No of Bills	Avg Usage	Charges
GAS - COM	0	19	0	86	0	2025.30
GAS - COM	2	7	25	20	1	471.00
GAS - COM	4	1	11	3	4	127.45
GAS - COM	6	1	5	1	5	57.63
GAS - COM	18	1	18	1	18	201.95
GAS - COM	20	1	19	1	19	212.89
GAS - COM	22	1	22	1	22	245.71
GAS - COM	24	1	23	1	23	256.65
GAS - COM	28	1	27	1	27	300.42
GAS - COM	38	1	38	1	38	418.76
GAS - COM	40	1	40	1	40	440.15
GAS - COM	46	1	45	1	45	493.60
GAS - COM	48	1	48	1	48	525.67
GAS - COM	50	1	50	1	50	547.05
GAS - COM	52	1	51	1	51	557.74
GAS - COM	58	1	57	1	57	621.88
GAS - COM	62	1	61	1	61	664.64
GAS - COM	68	1	67	1	67	728.78
GAS - COM	72	1	72	1	72	782.24
GAS - COM		43	679	125		9679.51
GAS - RES	0	182	0	528	0	12457.98
GAS - RES	2	183	640	521	1	12246.01
GAS - RES	4	22	90	28	3	1045.64
GAS - RES	6	9	66	12	6	759.72
GAS - RES	8	1	7	1	7	80.34
GAS - RES	10	3	39	4	10	446.32
GAS - RES	12	5	56	5	11	637.74
GAS - RES	14	1	13	1	13	147.24
GAS - RES	18	1	35	2	18	392.96
GAS - RES	20	1	19	1	19	212.89
GAS - RES		408	965	1103		28426.84
Totals:		451	1644	1228		38106.35

Usage Report

From: 01/01/2017 Through: 01/31/2017

Sorted By: Account Number

Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals						
GAS	Units	2559.	2559.	23.	-32.82	29360.99
Number of Accounts		261				
Number of Locations		257				
Account/Location Combinations		261				

Usage Report

From: 02/01/2017 Through: 02/28/2017

Sorted By: Account Number

	Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals	GAS	Units	1941.	1941.	24.	-272.60	22527.61
	<hr/>						
	Number of Accounts		261				
	Number of Locations		258				
	Account/Location Combinations		261				

Usage Report

From: 03/01/2017 Through: 03/31/2017

Sorted By: Account Number

	Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals	GAS	Units	1992.	1992.	0.	0.00	23372.33
	<hr/>						
	Number of Accounts		263				
	Number of Locations		261				
	Account/Location Combinations		263				

Usage Report

From: 04/01/2017 Through: 04/30/2017

Sorted By: Account Number

	Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals	GAS	Units	660.	660.	12.	-136.30	9184.07
	Number of Accounts		260				
	Number of Locations		260				
	Account/Location Combinations		260				

Usage Report

From: 05/01/2017 Through: 05/31/2017

Sorted By: Account Number

	Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals	.GAS	Units	482.	482.	3.	-34.91	8699.80
	Number of Accounts		257				
	Number of Locations		254				
	Account/Location Combinations		257				

Usage Report

From: 06/01/2017 Through: 06/30/2017

Sorted By: Account Number

Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals						
GAS	Units	285.	285.	3.	-47.10	7426.79
Number of Accounts		248				
Number of Locations		248				
Account/Location Combinations		248				

Usage Report

From: 07/01/2017 Through: 07/31/2017

Sorted By: Account Number

Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals						
GAS	Units	284.	284.	0.	0.00	7431.73
<hr/>						
Number of Accounts		245				
Number of Locations		245				
Account/Location Combinations		245				

Usage Report

From: 08/01/2017 Through: 08/31/2017

Sorted By: Account Number

Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals						
GAS	Units	302.	302.	0.	0.00	7306.71
<hr/>						
Number of Accounts		243				
Number of Locations		243				
Account/Location Combinations		243				

Usage Report

From: 09/01/2017 Through: 09/30/2017

Sorted By: Account Number

Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals						
GAS	Units	289.	289.	0.	0.00	7311.97
<hr/>						
Number of Accounts		240				
Number of Locations		240				
Account/Location Combinations		240				

Usage Report

From: 10/01/2017 Through: 10/31/2017

Sorted By: Account Number

Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals						
GAS	Units	755.	755.	0.	0.00	6714.71
<hr/>						
Number of Accounts		260				
Number of Locations		258				
Account/Location Combinations		260				

Usage Report

From: 11/01/2017 Through: 12/01/2017

Sorted By: Account Number

	Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals	GAS	Units	1831.	1831.	0.	0.00	14015.00
	Number of Accounts	256					
	Number of Locations	256					
	Account/Location Combinations	256					

Usage Report

From: 12/02/2017 Through: 12/31/2017

Sorted By: Account Number

	Service	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges
Grand Totals	GAS	Units	2501.	2501.	0.	0.00	18771.49
	Number of Accounts		259				
	Number of Locations		258				
	Account/Location Combinations		259				

B&H Gas Company
Rate Study Report
From 01/01/2017 through 12/31/2017
Limited to Revenue Class:
RESIDENTIAL/COMMERCIAL/

Tier Schema: RATE SCHEDULE

Tier	Begin Range	End Range	Bill Count	Apt. Count	Usage in Tier
1	0	2	3061	3061	3952
2	3	10	1387	1387	6626
3	11	31	332	332	2382
4	32	999999999	37	37	921
Total Usage					13881

AREA ENTIRE AREA SERVED

PSC KY NO. _____

SHEET NO. _____
CANCELLING PSC KY NO. _____

B&H GAS COMPANY
(NAME OF UTILITY)

SHEET NO. _____

Classification of Service

Availability of Service: All Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Service Charge	\$15.0000		\$ 15.0000
Volumetric Rate	\$16.3209	\$5.8083	\$ 22.1292

The volumetric rate will apply to all Mcfs sold. Minimum bill shall include a Customer Service Charge, each additional MCF will be the volumetric rate.

DATE OF ISSUE _____

MONTH / DATE / YEAR

DATE EFFECTIVE _____

MONTH / DATE / YEAR

ISSUED BY _____

SIGNATURE OF OFFICER

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

2017 Corporate Return
prepared for:

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

Darrell Madden, CPA
PO Box 529
Hindman, KY 41822

**DARRELL MADDEN, CPA
PO BOX 529
HINDMAN, KY 41822
(606) 785-5046**

May 9, 2018

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

Dear Client:

Enclosed is your 2017 Federal Corporation Income Tax Return. The original should be signed at the bottom of page one. No tax is payable with the filing of this return. Mail the Federal return as soon as possible to:

INTERNAL REVENUE SERVICE CENTER
PHILADELPHIA, PA 19255-0012

Enclosed is your 2017 Kentucky Corporation Income Tax and LLET Return. The original should be signed at the bottom of page three. There is a balance due of \$175. Make your check payable to "Kentucky State Treasurer" and mail the Kentucky return as soon as possible to:

KENTUCKY DEPARTMENT OF REVENUE
PO BOX 856910
LOUISVILLE, KY 40285-6910

Please be sure to call if you have any questions.

Sincerely,

DARRELL MADDEN, CPA

Darrell Madden, CPA
PO Box 529
Hindman, KY 41822

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

U.S. Corporation Income Tax Return

For calendar year 2017 or tax year beginning _____, 2017, ending _____

2017

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form1120 for instructions and the latest information.

A Check if:

1 a Consolidated return (attach Form 851)

b Life/nonlife consolidated return

2 Personal holding co. (attach Sch. PH)

3 Personal service corp. (see instrs.)

4 Schedule M-3 attached

TYPE OR PRINT

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

B Employer identification number
[REDACTED]

C Date incorporated
1/01/1963

D Total assets (see instructions)
\$ 101,872.

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

INCOME	1 a Gross receipts or sales	1 a	163,496.
	b Returns and allowances	1 b	
	c Balance. Subtract line 1b from line 1a	1 c	163,496.
	2 Cost of goods sold (attach Form 1125-A)	2	113,927.
	3 Gross profit. Subtract line 2 from line 1c	3	49,569.
	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	49,569.	
DEDUCTIONS SEE INSTRUCTIONS	12 Compensation of officers (see instructions - attach Form 1125-E)	12	32,400.
	13 Salaries and wages (less employment credits)	13	21,600.
	14 Repairs and maintenance	14	29,037.
	15 Bad debts	15	
	16 Rents	16	19,636.
	17 Taxes and licenses	17	SEE STATEMENT 1 11,431.
	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	690.
	21 Depletion	21	
	22 Advertising	22	
	23 Pension, profit-sharing, etc., plans	23	
	24 Employee benefit programs	24	8,840.
	25 Domestic production activities deduction (attach Form 8903)	25	
	26 Other deductions (attach statement)	26	SEE STATEMENT 2 101,702.
	27 Total deductions. Add lines 12 through 26	27	225,336.
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	-175,767.
TXRS AND REFUNDABLE CREDITS	29 a Net operating loss deduction (see instructions)	29 a	SEE ST. 3 0.
	b Special deductions (Schedule C, line 20)	29 b	
	c Add lines 29a and 29b	29 c	
	30 Taxable income. Subtract line 29c from line 28. See instructions	30	-175,767.
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 2018 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/>	36		

Sign Here

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.

Signature of officer: *[Signature]* Date: 5/16/18 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: *[Signature]* Date: 5/16/18
Check if self-employed PTIN: [REDACTED]
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 line 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 line 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

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)). See instructions ▶		
2	Income tax. Check if a qualified personal service corporation. See instructions ▶		0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)	5a	
	b Credit from Form 8834 (see instructions)	5b	
	c General business credit (attach Form 3800)	5c	
	d Credit for prior year minimum tax (attach Form 8827)	5d	
	e Bond credits from Form 8912	5e	
6	Total credits. Add 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)	9a	
	b Recapture of low-income housing credit (attach Form 8611)	9b	
	c Interest due under the look-back method – completed long-term contracts (attach Form 8697)	9c	
	d Interest due under the look-back method – income forecast method (attach Form 8866)	9d	
	e Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
	f Other (see instructions – attach statement)	9f	
10	Total. Add lines 9a through 9f	10	
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31	11	0.

Part II – Payments and Refundable Credits

12	2016 overpayment credited to 2017	12	
13	2017 estimated tax payments	13	
14	2017 refund applied for on Form 4466	14	
15	Combine lines 12, 13, and 14	15	0.
16	Tax deposited with Form 7004	16	
17	Withholding (see instructions)	17	
18	Total payments. Add lines 15, 16 and 17	18	0.
19	Refundable credits from:		
	a Form 2439	19a	
	b Form 4136	19b	
	c Form 8827, line 8c	19c	
	d Other (attach statement – see instructions)	19d	
20	Total credits. Add lines 19a through 19d	20	
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32	21	0.

Schedule K Other Information (see instructions)

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

Schedule K Other Information (continued from page 3)

5 At the end of the tax year, did the corporation:				Yes	No
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. See the instructions for Form 5452.					
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 the total voting power of all classes of the corporation's stock entitled to vote or at least 25% of the total value of all classes of the corporation's stock? For rules of attribution, see section 318. If 'Yes,' enter:					X
(a) Percentage owned ▶ _____ and (b) 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 reported on page 1, line 29a.) ▶ \$ _____					<u>1,316,798</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 ▶ \$ _____					NONE
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.					
15 a Did the corporation make any payments in 2017 that would require it to file Form(s) 1099?				X	
b If 'Yes,' did or will the corporation file required Forms 1099?				X	
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
19 During the corporation's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code?					X

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		1,773.		3,187.
2a	Trade notes and accounts receivable	42,425.		30,990.	
b	Less allowance for bad debts		42,425.		30,990.
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.		306,282.	
b	Less accumulated depreciation	237,897.	13,165.	238,587.	67,695.
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)				
15	Total assets		57,363.		101,872.
Liabilities and Shareholders' Equity					
16	Accounts payable		1,826,559.		2,015,315.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach stmt) SEE ST 4		11,247.		17,246.
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 5		952.		26,891.
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		-2,013,748.		-2,189,933.
26	Adjmt to shareholders' equity (att stmt)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		57,363.		101,872.

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	-176,185.	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 6 418.				
		418.	9	Add lines 7 and 8	0.
6	Add lines 1 through 5	-175,767.	10	Income (page 1, line 28) — line 6 less line 9	-175,767.

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

1	Balance at beginning of year	-2,013,748.	5	Distributions	a Cash	
2	Net income (loss) per books	-176,185.		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	-2,189,933.	8	Balance at end of year (line 4 less line 7)		-2,189,933.

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.
▶ Go to www.irs.gov/Form4562 for instructions and the latest information.

Attachment
Sequence No. **179**

Name(s) shown on return

B & H GAS COMPANY INC.

Identifying number

Business or activity to which this form relates

FORM 1120

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions).....	1	510,000.
2	Total cost of section 179 property placed in service (see instructions).....	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions).....	3	2,030,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-.....	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.....	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.....	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.....	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.....	9	
10	Carryover of disallowed deduction from line 13 of your 2016 Form 4562.....	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).....	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11.....	12	
13	Carryover of disallowed deduction to 2018. Add lines 9 and 10, less line 12.....	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).....	14	
15	Property subject to section 168(f)(1) election.....	15	
16	Other depreciation (including ACRS).....	16	

Part III MACRS Depreciation (Don't include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2017.....	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here.....		<input type="checkbox"/>

Section B – Assets Placed in Service During 2017 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only – see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property.....						
b 5-year property.....						
c 7-year property.....						
d 10-year property.....						
e 15-year property.....		55,220.	15	MQ	150DB	690.
f 20-year property.....						
g 25-year property.....			25 yrs		S/L	
h Residential rental property.....			27.5 yrs	MM	S/L	
i Nonresidential real property.....			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C – Assets Placed in Service During 2017 Tax Year Using the Alternative Depreciation System

20 a Class life.....					S/L	
b 12-year.....			12 yrs		S/L	
c 40-year.....			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28.....	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions.....	22	690.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.....	23	

B & H GAS COMPANY INC.

STATEMENT 1
FORM 1120, LINE 17
TAXES AND LICENSES

KY SALES TAX INCLUDED IN INCOM.....	\$	2,764.
OTHER TAX & LICENSE.....		4,330.
PAYROLL TAXES.....		4,337.
	TOTAL	<u>\$ 11,431.</u>

STATEMENT 2
FORM 1120, LINE 26
OTHER DEDUCTIONS

BANK CHARGES.....	\$	966.
INSURANCE.....		8,080.
LEGAL AND PROFESSIONAL.....		82,536.
MISCELLANEOUS.....		929.
OFFICE EXPENSE.....		1,134.
PERMITS AND FEES.....		243.
POSTAGE.....		1,236.
TELEPHONE.....		2,095.
UTILITIES.....		4,483.
	TOTAL	<u>\$ 101,702.</u>

STATEMENT 3
FORM 1120, LINE 29A
NET OPERATING LOSS DEDUCTION

CARRYOVER GENERATED FROM YEAR END	12/31/97	\$	41,461.
AVAILABLE FOR CARRYOVER TO 2017.....			41,461.
CARRYOVER GENERATED FROM YEAR END	12/31/98	\$	49,873.
AVAILABLE FOR CARRYOVER TO 2017.....			49,873.
CARRYOVER GENERATED FROM YEAR END	12/31/99	\$	24,651.
AVAILABLE FOR CARRYOVER TO 2017.....			24,651.
CARRYOVER GENERATED FROM YEAR END	12/31/02	\$	33,499.
AVAILABLE FOR CARRYOVER TO 2017.....			33,499.
CARRYOVER GENERATED FROM YEAR END	12/31/03	\$	47,954.
AVAILABLE FOR CARRYOVER TO 2017.....			47,954.
CARRYOVER GENERATED FROM YEAR END	12/31/04	\$	14,464.

B & H GAS COMPANY INC.

STATEMENT 3 (CONTINUED)
FORM 1120, LINE 29A
NET OPERATING LOSS DEDUCTION

AVAILABLE FOR CARRYOVER TO 2017.....			14,464.
CARRYOVER GENERATED FROM YEAR END	12/31/05	\$	14,308.
AVAILABLE FOR CARRYOVER TO 2017.....			14,308.
CARRYOVER GENERATED FROM YEAR END	12/31/06	\$	41,469.
AVAILABLE FOR CARRYOVER TO 2017.....			41,469.
CARRYOVER GENERATED FROM YEAR END	12/31/07	\$	92,195.
AVAILABLE FOR CARRYOVER TO 2017.....			92,195.
CARRYOVER GENERATED FROM YEAR END	12/31/08	\$	87,622.
AVAILABLE FOR CARRYOVER TO 2017.....			87,622.
CARRYOVER GENERATED FROM YEAR END	12/31/09	\$	122,484.
AVAILABLE FOR CARRYOVER TO 2017.....			122,484.
CARRYOVER GENERATED FROM YEAR END	12/31/10	\$	90,787.
AVAILABLE FOR CARRYOVER TO 2017.....			90,787.
CARRYOVER GENERATED FROM YEAR END	12/31/11	\$	13,031.
AVAILABLE FOR CARRYOVER TO 2017.....			13,031.
CARRYOVER GENERATED FROM YEAR END	12/31/12	\$	147,082.
AVAILABLE FOR CARRYOVER TO 2017.....			147,082.
CARRYOVER GENERATED FROM YEAR END	12/31/13	\$	85,297.
AVAILABLE FOR CARRYOVER TO 2017.....			85,297.
CARRYOVER GENERATED FROM YEAR END	12/31/14	\$	105,470.
AVAILABLE FOR CARRYOVER TO 2017.....			105,470.
CARRYOVER GENERATED FROM YEAR END	12/31/15	\$	213,907.
AVAILABLE FOR CARRYOVER TO 2017.....			213,907.

B & H GAS COMPANY INC.

STATEMENT 3 (CONTINUED)
FORM 1120, LINE 29A
NET OPERATING LOSS DEDUCTION

CARRYOVER GENERATED FROM YEAR END 12/31/16	\$	91,244.
AVAILABLE FOR CARRYOVER TO 2017.....		91,244.
NET OPERATING LOSSES AVAILABLE IN 2017.....	\$	1,316,798.
TAXABLE INCOME.....		-175,767.
TOTAL NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....		<u>0.</u>

STATEMENT 4
FORM 1120, SCHEDULE L, LINE 18
OTHER CURRENT LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
ACCRUED PAYROLL TAXES.....	\$ 1,737.	\$ 1,691.
CUSTOMER DEPOSITS.....	9,510.	15,555.
TOTAL	<u>\$ 11,247.</u>	<u>\$ 17,246.</u>

STATEMENT 5
FORM 1120, SCHEDULE L, LINE 21
OTHER LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
DUE TO RELATED COMPANIES.....	\$ 952.	\$ 26,891.
TOTAL	<u>\$ 952.</u>	<u>\$ 26,891.</u>

STATEMENT 6
FORM 1120, SCHEDULE M-1, LINE 5
BOOK EXPENSES NOT DEDUCTED

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

B & H GAS COMPANY INC.



**DEDUCTIONS
PAYROLL TAXES**

EMPLOYER SOCIAL SECURITY TAXES.....	\$	3,348.
EMPLOYER MEDICARE TAXES.....		783.
FEDERAL UNEMPLOYMENT TAXES.....		84.
STATE UNEMPLOYMENT TAXES.....		122.
TOTAL	\$	<u>4,337.</u>



► See instructions. Taxable period beginning _____, 201____, and ending _____, 201____.

A LLET Exemption Code Enter Code _____	D Federal Identification Number <div style="background-color: black; width: 100px; height: 15px; margin: 5px 0;"></div>	E Kentucky Corporation/LLET Account Number (Required) <input type="checkbox"/> Change of Name
B Income Tax Return Exemption Code Enter Code _____ <input type="checkbox"/> Mandatory NEXUS		Taxable Year Ending <u>12/17</u>
C Check if applicable: <input type="checkbox"/> Amended return <input type="checkbox"/> Amended return — RAR Provide explanation of changes in Part V — Explanation of Amended Return Changes.		F Name of Common Parent _____ Kentucky Corporation/LLET Account Number _____ G Check if applicable: <input checked="" type="checkbox"/> Initial return <input type="checkbox"/> Short-period return (Complete Part IV) <input type="checkbox"/> Change of accounting period <input type="checkbox"/> Final return (Complete Part IV)
Name of Corporation: B & H GAS COMPANY INC. Number and Street: _____ P.O. BOX 447 City: _____ State: _____ ZIP Code: _____ Telephone Number: 606 478-5264		State and Date of Incorporation: KY 01/01/1963 Principal Business Activity in KY: NATURAL GAS SALES NAICS Code Number in KY (See www.census.gov): 221210

PART I — LLET COMPUTATION				PART II — INCOME TAX COMPUTATION			
1	Schedule L, Section D, line 1 (Page 4)	1	175 00	1	Income tax (see instructions)	1	00
2	Tax credit recapture	2	00	2	Tax credit recapture	2	00
3	Total (add lines 1 and 2)	3	175 00	3	Tax installment on LIFO recapture	3	00
4	Nonrefundable LLET credit from Kentucky Schedule(s) K-1	4	00	4	Total (add lines 1 through 3)	4	00
5	Nonrefundable tax cr (attach Schedule TCS)	5	00	5	Nonrefundable LLET credit from the Corporation LLET Credit Worksheet(s) (see instructions)	5	00
6	LLET liability (greater of line 3 less lines 4 and 5 or \$175 minimum)	6	175 00	6	Nonrefundable LLET credit (Part I, line 6 less \$175)	6	00
7	Withholding tax (Form PTE-WH)	7	00	7	Nonrefundable tax credits (attach Schedule TCS)	7	00
8	Estimated tax payments <input type="checkbox"/> Check if Form 2220-K attached	8	00	8	Net income tax liability (line 4 less lines 5 through 7, but not less than zero)	8	00
9	Certified rehabilitation tax credit	9	00	9	Estimated tax payments <input type="checkbox"/> Check if Form 2220-K attached	9	00
10	Film industry tax credit	10	00	10	Extension payment	10	00
11	Extension payment	11	00	11	Prior year's tax credit	11	00
12	Prior year's tax credit	12	00	12	LLET overpayment from Part I, line 18	12	00
13	Income tax overpayment from Part II, line 17	13	00	13	Corporation income tax paid on original return	13	00
14	LLET paid on original return	14	00	14	Corporation income tax overpayment on original return	14	00
15	LLET overpayment on original return	15	00	15	Income tax due (lines 8 and 14 less lines 9 through 13)	15	00
16	LLET due (lines 6 and 15 less lines 7 through 14)	16	175 00	16	Income tax overpayment (lines 9 through 13 less lines 8 and 14)	16	00
17	LLET overpayment (lines 7 through 14 less lines 6 and 15)	17	00	17	Credited to 2017 LLET	17	00
18	Credited to 2017 income tax	18	00	18	Credited to 2017 interest	18	00
19	Credited to 2017 interest	19	00	19	Credited to 2017 penalty	19	00
20	Credited to 2017 penalty	20	00	20	Credited to 2018 LLET	20	00
21	Credited to 2018 LLET	21	00	21	Credited to 2018 corporation income tax	21	00
22	Amount to be refunded	22	00	21	Amount to be refunded	21	00

TAX PAYMENT SUMMARY (Round to nearest dollar)				OFFICIAL USE ONLY	
LLET	INCOME			P	
1. LLET due (Part I, Ln 16) \$	1. Income tax due (Part II, Ln 15) \$	175.		2	
2. Interest \$	2. Interest \$			0	
3. Penalty \$	3. Penalty \$			4	
4. Subtotal \$	4. Subtotal \$	175.		V	
TOTAL PAYMENT (Add Subtotals)	► \$	175.		A	
				L	
				#	



B & H GAS COMPANY INC.

PART III – TAXABLE INCOME COMPUTATION

1	Federal taxable income (Form 1120, line 28)	1	-175767	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	-175767	00
5	Deductions attributable to nontaxable income	5		00	19	Current net operating loss adjustment (mandatory nexus only)	19		00
6	Related party expenses (attach Sch RPC)	6		00	20	Kentucky net income (add lines 18 and 19)	20	-175767	00
7	Dividend paid deduction (REIT)	7		00	21	Taxable net income (attach Schedule A if applicable)	21	-175767	00
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	-175767	00
10	Revenue Agent Report (RAR)	10		00	24	Kentucky domestic production activities deduction (KDPAD)	24		00
11	Total (add lines 1 through 10)	11	-175767	00	25	Taxable net income after KDPAD (line 23 less line 24)	25	-175767	00
SUBTRACTIONS:									
12	Interest income (U.S. obligations)	12		00					
13	Dividend income (See line 5 above)	13		00					

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

- | | |
|---|--|
| <input type="checkbox"/> Ceased operations in Kentucky | <input type="checkbox"/> Change in filing status |
| <input type="checkbox"/> Change of ownership | <input type="checkbox"/> Merger |
| <input type="checkbox"/> Successor to previous business | <input type="checkbox"/> Other _____ |

PART V – EXPLANATION OF AMENDED RETURN CHANGES

OFFICER INFORMATION

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

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 <i>Bud Rife</i>	Date <u>5/16/18</u>
	Name of Officer BUD RIFE	Title PRESIDENT
Paid Preparer Use	Signature of Preparer <i>Darrell Madden CPA</i>	Date <u>5/16/18</u>
	Name of Preparer or Firm DARRELL MADDEN, CPA	ID Number <u>[REDACTED]</u>
	Email and/or Telephone No. 606-785-5046	May the DOR discuss this return with this preparer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Enclose	Include federal Form 1120 with all supporting schedules and statements	Refund or No Payment	Kentucky Department of Revenue P.O. Box 856905 Louisville, KY 40285-6905
Payment	Check Payable: Kentucky State Treasurer E-Pay Options: www.revenue.ky.gov	With Payment	Kentucky Department of Revenue P.O. Box 856910 Louisville, KY 40285-6910



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

IMPORTANT: Questions 3 - 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 and 2 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

3 List the following Kentucky account numbers. Enter N/A for any number not applicable. KY Secretary of State Organization... N/A Employer Withholding... N/A Sales and Use Tax Permit... N/A Consumer Use Tax... N/A Unemployment Insurance... N/A Coal Severance and/or Processing Tax... N/A

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)(I) 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 per 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 per 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, 2018? 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 2017 Kentucky Corporation Income Tax and LLET Return instructions for information regarding amended returns. Attach a copy of the final determination to each amended return.



SCHEDULE L – LIMITED LIABILITY ENTITY TAX COMPUTATION

Check this box and complete Schedule L-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 L-C in Section A of this schedule.

SECTION A – Computation of Gross Receipts and Gross Profits

	Column A Kentucky	Column B Total
1a Gross receipts less returns and allowances.....	163496.	163496.
b Kentucky statutory gross receipts reductions (see instructions).....		
2 Adjusted gross receipts (line 1a less line 1b).....	163496.	163496.
3a Cost of goods sold (attach Schedule COGS).....	113927.	113927.
b Kentucky statutory cost of goods sold reductions (see instructions).....		
4 Adjusted cost of goods sold (line 3a less line 3b).....	113927.	113927.
5 Gross profits (line 2 less line 4).....	49569.	49569.



If Section A, Column B, Line 2 is \$3,000,000 or less, STOP and enter \$175 in Section D, line 1 below.

SECTION B – Computation of Gross Receipts LLET

1 If gross receipts from all sources (Column B, line 2) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 2 x 0.00095) – $[\$2,850 \times (\$6,000,000 - \text{Column A, line 2})]$ <u>\$3,000,000</u> but in no case shall the result be less than zero.....	1	
2 If gross receipts from all sources (Column B, line 2) are \$6,000,000 or greater, enter the following: Column A, line 2 x 0.00095.....	2	
3 Enter the amount from line 1 or line 2.....	3	0.

SECTION C – Computation of Gross Profits LLET

1 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) – $[\$22,500 \times (\$6,000,000 - \text{Column A, line 5})]$ <u>\$3,000,000</u> but in no case shall the result be less than zero.....	1	
2 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.....	2	
3 Enter the amount from line 1 or line 2.....	3	0.

SECTION D – Computation of LLET

1 Enter the lesser of Section B, line 3 or Section C, line 3 or a minimum of \$175 and enter on Page 1, Part I, line 1.....	1	175.
--	----------	------



- ▶ 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]		
		Limited Liability Entity Tax	
		Column A Kentucky Cost of Goods Sold	Column B Total Cost of Goods Sold
1 Inventory at beginning of year.....	1		
2 Purchases.....	2	113,927.	113,927.
3 Cost of labor.....	3		
4 Additional section 263A costs.....	4		
5 Other costs.....	5		
6 Total. Add lines 1 through 5.....	6	113,927.	113,927.
7 Inventory at end of year.....	7		
8 Cost of goods sold. Subtract line 7 from line 6.....	8	113,927.	113,927.
9 Detail of purchases on line 2:			
(a)	(a)		
(b)	(b)		
(c)	(c)		
(d)	(d)		
(e)	(e)		
(f)	(f)		
(g)	(g)		
(h)	(h)		
(i)	(i)		
(j)	(j)		
(k)	(k)		
10 Detail of additional section 263A costs on line 4:			
(a)	(a)		
(b)	(b)		
(c)	(c)		
(d)	(d)		
(e)	(e)		
(f)	(f)		
(g)	(g)		
(h)	(h)		
(i)	(i)		
(j)	(j)		
(k)	(k)		
11 Detail of other costs on line 5:			
(a)	(a)		
(b)	(b)		
(c)	(c)		
(d)	(d)		
(e)	(e)		
(f)	(f)		
(g)	(g)		
(h)	(h)		
(i)	(i)		
(j)	(j)		
(k)	(k)		

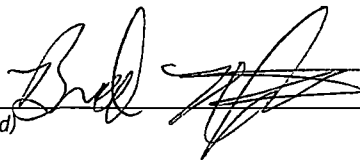
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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 B&H Gas Company ("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
B & S Oil and Gas	Natural Gas Sales	\$23,128.51
Bud Rife Construction	Construction Services	\$23,200.00
Bud Rife	Equipment Rental	\$10,636.00
Bud Rife	Office Building Rental	\$9,000.00

- 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
(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 Fayette

Subscribed and sworn to before me by Bud Rife
(Name)

this 28th day of December, 2018.


NOTARY PUBLIC
State-at-Large
My Commission Expires: 11/2/2022

SCHEDULE OF ADJUSTED OPERATIONS - GAS UTILITY

TYE 12/31/20 17

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Gas				
Residential	126,388.00	-86,002.00	A	40,386.00
Commercial & Industrial	37,108.00	-27,926.00	B	9,182.00
Interdepartmental				0.00
Sales for Resale				0.00
Total Sales of Gas	163,496.00	-113,928.00		49,568.00
Other Operating Revenues				
Forfeited Discounts				0.00
Miscellaneous Service Revenues				0.00
Rent from Gas Property				0.00
Other Gas Revenues				0.00
Total Operating Revenues	163,496.00	-113,928.00		49,568.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Manufactured Gas Production Expenses				0.00
Natural Gas Production Expenses				0.00
Exploration and Development Expenses				0.00
Storage Expenses				0.00
Other Gas Supply Expenses	113,928.00	-113,928.00	C	0.00
Transmission Expenses				0.00
Distribution Expenses	72,316.00	73,984.00	D	146,300.00
Customer Accounts Expenses				0.00
Customer Service and Informational Expenses				0.00
Administrative and General Expenses	141,316.00	24,517.00	E	165,833.00
Total Operation and Maintenance Expenses	327,560.00	-15,427.00		312,133.00
Depreciation Expense				0.00
Amortization Expense		94,250.60	F	94,250.60
Taxes Other Than Income	11,431.00			11,431.00
Income Tax Expense				0.00
Total Operating Expenses	338,991.00	78,823.60		417,814.60
Utility Operating Income	-175,495.00	-192,751.60		-368,246.60

References

- A - This includes an adjustment to remove the GCA rates from the test year revenues which is a \$86,002.00 decrease.
- B - This includes an adjustment to remove the GCA rates from the test year revenues which is a \$27,926.00 decrease.
- C - An adjustment to exclude gas costs from the calculation since those expenses are recovered through the GCA.
- D- Additional rent expenses that were not able to be paid in the test year for lease of office space. Office rent is \$2000 per month for a total of \$24,000 per year. An adjustment was also made to add in office rent not paid during the test year in the amount of \$15,000. In addition, truck leases total \$14,400 per year and B&H paid \$10,636 which leaves a pro forma adjustment in the amount of \$3764.
- This also includes an adjustment for line repairs, extensions, 811 locates, etc. for line maintenance that was billed but not paid in the test year in the amount of \$55,220.
- E - Includes several adjustments to Administrative and General Expenses which are as follows:
- * Adjustment to add an additional \$6000 per year for legal expenses. The test year includes approximately \$50,000 in legal fees. The additional \$6000 included as a pro forma adjustment will allow B&H to budget \$500 per month for legal expenses going forward.
 - * Adjustment to add \$16,500 as one-third of the total estimated legal fees for the test year. The total estimated expense is \$50,000 to be amortized over three years.
 - * Adjustment to add \$1667 for one-third of the total training costs to include the three year required Operator Qualification training along with yearly training requirements for plastic pipe. The total training amount is not to exceed \$5000 per three year period.
 - * Adjustment to add \$350 for membership dues to the Kentucky Gas Association. B&H has joined the KGA in 2017, so it can take advantage of some of the training offered by KGA.
- F - Includes an adjustment to add \$94,250.60 per year for promissory note repayments, to repay outstanding debts as follows:
- * \$39,462.82 Owed to Goss Samford for outstanding legal fees, to be amortized over a 5 year period.
 - * \$90,815.18 owed to B&S Oil and Gas Company for small operational loans, to be amortized over a 5 year period.
 - * \$3,600.00 owed to Bud Rife Construction Co. for small operational loans, to be amortized over a 5 year period.
 - * \$53,284.00 owed to Bud Rife for unpaid Office Leases and Vehicle Rents to be amortized over a 5 year period.
 - * \$490,132.61 owed to Bud Rife Construction Co. for unpaid invoices for work performed on B&H's physical plant, to be amortized over a 20 year period.
 - * \$1,078,528.92 owed to B&S Oil and Gas Company for unpaid natural gas purchases, to be amortized over a 20 year period.

PROMISSORY NOTE

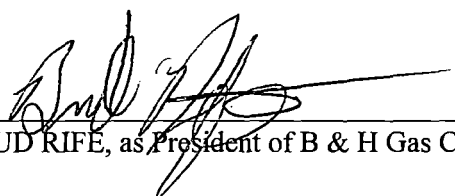
The undersigned, B & H Gas Company ("B & H"), whose address is P.O. Box 447 Betsy Layne, Kentucky, 41605 and Bud Rife Construction Company ("Construction"), hereby acknowledge and agree as follows:

1. Construction has loaned money to B & H, in the total amount of of \$3,600.00.
2. Due to economic circumstances, Construction agrees that this loan shall be interest free.

In consideration of the foregoing, B & H and Construction agree as follows:

1. B & H shall make two payments per year to Construction for five years, for a total of 10 payments, each in the amount of \$360.00 until the debt is paid in full.
2. The amortization schedule reflecting each payment made, and the remaining principal, is attached hereto.

This writing constitutes the entire agreement of the parties and shall not be altered except by a writing signed by all the parties hereto.

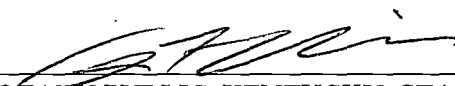


BUD RIFE, as President of B & H Gas Company

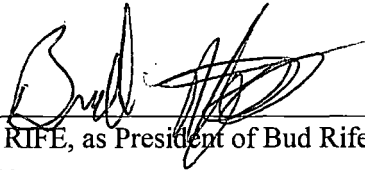
COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 20th day of December, 2018, by BUD RIFE, as President of B & H Gas Company.

My commission expires: 11/2/2022



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335



BUD RIFE, as President of Bud Rife Construction
Company

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of Bud Rife Construction Company.

My commission expires: 11/2/2022



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	3600.00	Payments per Year	2
Annual Interest Rate	0.0000	Number of Regular Payments	10
Balloon Payment		Payment Amount	360.00

Show Amortization Schedule

Calculate

This loan calculator is written and maintained by Bret Whissel.
See [Bret's Blog](#) for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	\$3,600.00	Annual Payments:	2
Regular Payment amount:	\$360.00	Total Payments:	10 (5.00 years)
Final Balloon Payment:	\$0.00	Annual interest rate:	0.00%
Interest-only payment:	\$0.00	Periodic interest rate:	0.0000%
*Total Repaid:	\$3,600.00	Debt Service Constant:	20.0000%
*Total Interest Paid:	\$0.00	*Total interest paid as a percentage of Principal:	0.000%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent. See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	360.00	0.00	360.00	0.00	3,240.00
2	360.00	0.00	720.00	0.00	2,880.00
3	360.00	0.00	1,080.00	0.00	2,520.00
4	360.00	0.00	1,440.00	0.00	2,160.00
5	360.00	0.00	1,800.00	0.00	1,800.00
6	360.00	0.00	2,160.00	0.00	1,440.00
7	360.00	0.00	2,520.00	0.00	1,080.00
8	360.00	0.00	2,880.00	0.00	720.00
9	360.00	0.00	3,240.00	0.00	360.00
10	360.00	0.00	3,600.00	0.00	0.00

PROMISSORY NOTE

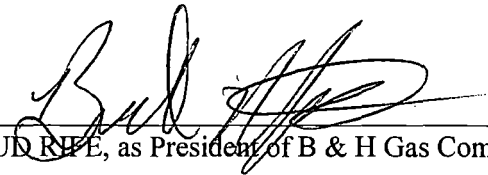
The undersigned, B & H Gas Company ("B & H"), whose address is P.O. Box 447 Betsy Layne, Kentucky, 41605 and Bud Rife ("Rife"), hereby acknowledge and agree as follows:

1. Rife has loaned money to B & H, or has advanced services to B & H, the value of which is included in this promissory note, for a total of \$53,284.00.
2. The money owed to Rife by B & H is for past due office rent, in the amount of \$32,500.00, and past due truck rent, in the amount of \$20,784.00.
3. Due to economic circumstances, Rife agrees that this loan shall be interest free.

In consideration of the foregoing, B & H and Rife agree as follows:

1. B & H shall make two payments per year to Rife for twenty years, for a total of 40 payments, each in the amount of \$1,332.10 until the debt is paid in full.
2. The amortization schedule reflecting each payment made, and the remaining principal, is attached hereto.

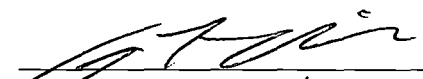
This writing constitutes the entire agreement of the parties and shall not be altered except by a writing signed by all the parties hereto.



 BUD RIFE, as President of B & H Gas Company

COMMONWEALTH OF KENTUCKY)
 COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & H Gas Company.
 My commission expires: 11/2/2022



 NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
 Notary ID #: 611335

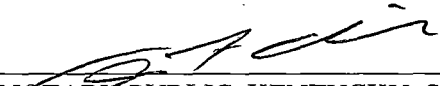


BUD RIFE

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE.

My commission expires: 11/2/2022



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	53284.00	Payments per Year	2
Annual Interest Rate	0.0000	Number of Regular Payments	40
Balloon Payment		Payment Amount	1332.10

Show Amortization Schedule

This loan calculator is written and maintained by Bret Whissel.
See [Bret's Blog](#) for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	\$53,284.00	Annual Payments:	2
Regular Payment amount:	\$1,332.10	Total Payments:	40 (20.00 years)
Final Balloon Payment:	\$0.00	Annual interest rate:	0.00%
Interest-only payment:	\$0.00	Periodic interest rate:	0.0000%
*Total Repaid:	\$53,284.00	Debt Service Constant:	5.0000%
*Total Interest Paid:	\$0.00	*Total interest paid as a percentage of Principal:	0.000%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent. See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	1,332.10	0.00	1,332.10	0.00	51,951.90
2	1,332.10	0.00	2,664.20	0.00	50,619.80
3	1,332.10	0.00	3,996.30	0.00	49,287.70
4	1,332.10	0.00	5,328.40	0.00	47,955.60
5	1,332.10	0.00	6,660.50	0.00	46,623.50
6	1,332.10	0.00	7,992.60	0.00	45,291.40
7	1,332.10	0.00	9,324.70	0.00	43,959.30
8	1,332.10	0.00	10,656.80	0.00	42,627.20
9	1,332.10	0.00	11,988.90	0.00	41,295.10
10	1,332.10	0.00	13,321.00	0.00	39,963.00
11	1,332.10	0.00	14,653.10	0.00	38,630.90
12	1,332.10	0.00	15,985.20	0.00	37,298.80
13	1,332.10	0.00	17,317.30	0.00	35,966.70
14	1,332.10	0.00	18,649.40	0.00	34,634.60
15	1,332.10	0.00	19,981.50	0.00	33,302.50
16	1,332.10	0.00	21,313.60	0.00	31,970.40
17	1,332.10	0.00	22,645.70	0.00	30,638.30
18	1,332.10	0.00	23,977.80	0.00	29,306.20
19	1,332.10	0.00	25,309.90	0.00	27,974.10
20	1,332.10	0.00	26,642.00	0.00	26,642.00
21	1,332.10	0.00	27,974.10	0.00	25,309.90
22	1,332.10	0.00	29,306.20	0.00	23,977.80
23	1,332.10	0.00	30,638.30	0.00	22,645.70
24	1,332.10	0.00	31,970.40	0.00	21,313.60
25	1,332.10	0.00	33,302.50	0.00	19,981.50
26	1,332.10	0.00	34,634.60	0.00	18,649.40
27	1,332.10	0.00	35,966.70	0.00	17,317.30
28	1,332.10	0.00	37,298.80	0.00	15,985.20
29	1,332.10	0.00	38,630.90	0.00	14,653.10
30	1,332.10	0.00	39,963.00	0.00	13,321.00
31	1,332.10	0.00	41,295.10	0.00	11,988.90
32	1,332.10	0.00	42,627.20	0.00	10,656.80
33	1,332.10	0.00	43,959.30	0.00	9,324.70
34	1,332.10	0.00	45,291.40	0.00	7,992.60
35	1,332.10	0.00	46,623.50	0.00	6,660.50
36	1,332.10	0.00	47,955.60	0.00	5,328.40
37	1,332.10	0.00	49,287.70	0.00	3,996.30
38	1,332.10	0.00	50,619.80	0.00	2,664.20
39	1,332.10	0.00	51,951.90	0.00	1,332.10
40	*1,332.10	0.00	53,284.00	0.00	0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

PROMISSORY NOTE

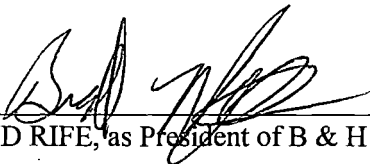
The undersigned, B & H Gas Company ("B & H"), whose address is P.O. Box 447 Betsy Layne, Kentucky, 41605 and Bud Rife Construction Company ("Construction"), hereby acknowledge and agree as follows:

1. Construction has loaned money to B & H, or has advanced services to B & H, the value of which is included in this promissory note, for a total of \$490,132.61.
2. The money owed to Construction by B & H is for past due services rendered.
3. Due to economic circumstances, Construction agrees that this loan shall be interest free.

In consideration of the foregoing, B & H and Construction agree as follows:

1. B & H shall make two payments per year to Construction for twenty years, for a total of 40 payments, each in the amount of \$12,253.32 until the debt is paid in full.
2. The amortization schedule reflecting each payment made, and the remaining principal, is attached hereto.

This writing constitutes the entire agreement of the parties and shall not be altered except by a writing signed by all the parties hereto.

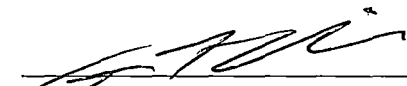


BUD RIFE, as President of B & H Gas Company

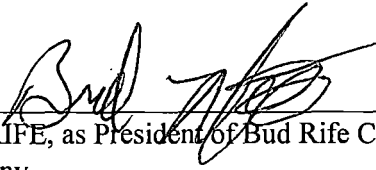
COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & H Gas Company.

My commission expires: 11/2/2022



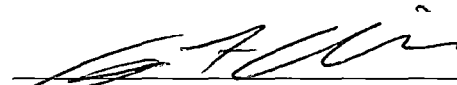
NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335


BUD RIFE, as President of Bud Rife Construction
Company

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of Bud Rife Construction Company.

My commission expires: 11/2/2022.


NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	490132.61	Payments per Year	2
Annual Interest Rate	0.0000	Number of Regular Payments	40
Balloon Payment		Payment Amount	12253.32

Show Amortization Schedule

Calculate

This loan calculator is written and maintained by Bret Whissel.
See [Bret's Blog](#) for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	\$490,132.61	Annual Payments:	2
Regular Payment amount:	\$12,253.32	Total Payments:	40 (20.00 years)
Final Balloon Payment:	\$0.00	Annual interest rate:	0.00%
Interest-only payment:	\$0.00	Periodic interest rate:	0.0000%
*Total Repaid:	\$490,132.80	Debt Service Constant:	5.0000%
*Total Interest Paid:	\$0.19	*Total interest paid as a percentage of Principal:	0.000%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent.
See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	12,253.32	0.00	12,253.32	0.00	477,879.29
2	12,253.32	0.00	24,506.64	0.00	465,625.97
3	12,253.32	0.00	36,759.96	0.00	453,372.65
4	12,253.32	0.00	49,013.28	0.00	441,119.33
5	12,253.32	0.00	61,266.60	0.00	428,866.01
6	12,253.32	0.00	73,519.92	0.00	416,612.69
7	12,253.32	0.00	85,773.24	0.00	404,359.37
8	12,253.32	0.00	98,026.56	0.00	392,106.05
9	12,253.32	0.00	110,279.88	0.00	379,852.73
10	12,253.32	0.00	122,533.20	0.00	367,599.41
11	12,253.32	0.00	134,786.52	0.00	355,346.09
12	12,253.32	0.00	147,039.84	0.00	343,092.77
13	12,253.32	0.00	159,293.16	0.00	330,839.45
14	12,253.32	0.00	171,546.48	0.00	318,586.13
15	12,253.32	0.00	183,799.80	0.00	306,332.81
16	12,253.32	0.00	196,053.12	0.00	294,079.49
17	12,253.32	0.00	208,306.44	0.00	281,826.17
18	12,253.32	0.00	220,559.76	0.00	269,572.85
19	12,253.32	0.00	232,813.08	0.00	257,319.53
20	12,253.32	0.00	245,066.40	0.00	245,066.21
21	12,253.32	0.00	257,319.72	0.00	232,812.89
22	12,253.32	0.00	269,573.04	0.00	220,559.57
23	12,253.32	0.00	281,826.36	0.00	208,306.25
24	12,253.32	0.00	294,079.68	0.00	196,052.93
25	12,253.32	0.00	306,333.00	0.00	183,799.61
26	12,253.32	0.00	318,586.32	0.00	171,546.29
27	12,253.32	0.00	330,839.64	0.00	159,292.97
28	12,253.32	0.00	343,092.96	0.00	147,039.65
29	12,253.32	0.00	355,346.28	0.00	134,786.33
30	12,253.32	0.00	367,599.60	0.00	122,533.01
31	12,253.32	0.00	379,852.92	0.00	110,279.69
32	12,253.32	0.00	392,106.24	0.00	98,026.37
33	12,253.32	0.00	404,359.56	0.00	85,773.05
34	12,253.32	0.00	416,612.88	0.00	73,519.73
35	12,253.32	0.00	428,866.20	0.00	61,266.41
36	12,253.32	0.00	441,119.52	0.00	49,013.09
37	12,253.32	0.00	453,372.84	0.00	36,759.77
38	12,253.32	0.00	465,626.16	0.00	24,506.45
39	12,253.32	0.00	477,879.48	0.00	12,253.13
40	*12,253.13	0.00	490,132.61	0.00	0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

PROMISSORY NOTE

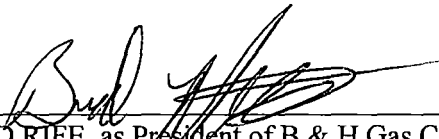
The undersigned, B & H Gas Company ("B & H"), whose address is P.O. Box 447 Betsy Layne, Kentucky, 41605 and B & S Gas Company ("B & S"), hereby acknowledge and agree as follows:

1. B & S has loaned money to B & H, or has advanced services to B & H, the value of which is included in this promissory note, for a total of \$1,078,528.92.
2. The money owed to B & S by B & H is for past due natural gas delivered to B & H for delivery to its customers.
3. Due to economic circumstances, B & S agrees that this loan shall be interest free.

In consideration of the foregoing, B & H and B & S agree as follows:

1. B & H shall make two payments per year to B & S for twenty years, for a total of 40 payments, each in the amount of \$26,963.22 until the debt is paid in full.
2. The amortization schedule reflecting each payment made, and the remaining principal, is attached hereto.

This writing constitutes the entire agreement of the parties and shall not be altered except by a writing signed by all the parties hereto.




 BUD RIFE, as President of B & H Gas Company

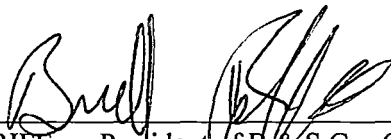
COMMONWEALTH OF KENTUCKY)
 COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & H Gas Company.

My commission expires: 11/2/2022



 NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
 Notary ID #: 611335

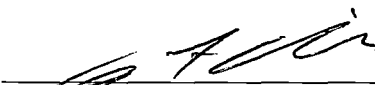


BUD RIFE, as President of B & S Gas Company

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & S Gas Company.

My commission expires: 11/2/2022.



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	1078528.92	Payments per Year	2
Annual Interest Rate	0.0000	Number of Regular Payments	40
Balloon Payment		Payment Amount	26963.22

Show Amortization Schedule

Calculate

This loan calculator is written and maintained by Bret Whissel.
See [Bret's Blog](#) for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	\$1,078,528.92	Annual Payments:	2
Regular Payment amount:	\$26,963.22	Total Payments:	40 (20.00 years)
Final Balloon Payment:	\$0.00	Annual interest rate:	0.00%
Interest-only payment:	\$0.00	Periodic interest rate:	0.0000%
*Total Repaid:	\$1,078,528.80	Debt Service Constant:	5.0000%
*Total Interest Paid:	\$-0.12	*Total interest paid as a percentage of Principal:	-0.000%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent. See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	26,963.22	0.00	26,963.22	0.00	1,051,565.70
2	26,963.22	0.00	53,926.44	0.00	1,024,602.48
3	26,963.22	0.00	80,889.66	0.00	997,639.26
4	26,963.22	0.00	107,852.88	0.00	970,676.04
5	26,963.22	0.00	134,816.10	0.00	943,712.82
6	26,963.22	0.00	161,779.32	0.00	916,749.60
7	26,963.22	0.00	188,742.54	0.00	889,786.38
8	26,963.22	0.00	215,705.76	0.00	862,823.16
9	26,963.22	0.00	242,668.98	0.00	835,859.94
10	26,963.22	0.00	269,632.20	0.00	808,896.72
11	26,963.22	0.00	296,595.42	0.00	781,933.50
12	26,963.22	0.00	323,558.64	0.00	754,970.28
13	26,963.22	0.00	350,521.86	0.00	728,007.06
14	26,963.22	0.00	377,485.08	0.00	701,043.84
15	26,963.22	0.00	404,448.30	0.00	674,080.62
16	26,963.22	0.00	431,411.52	0.00	647,117.40
17	26,963.22	0.00	458,374.74	0.00	620,154.18
18	26,963.22	0.00	485,337.96	0.00	593,190.96
19	26,963.22	0.00	512,301.18	0.00	566,227.74
20	26,963.22	0.00	539,264.40	0.00	539,264.52
21	26,963.22	0.00	566,227.62	0.00	512,301.30
22	26,963.22	0.00	593,190.84	0.00	485,338.08
23	26,963.22	0.00	620,154.06	0.00	458,374.86
24	26,963.22	0.00	647,117.28	0.00	431,411.64
25	26,963.22	0.00	674,080.50	0.00	404,448.42
26	26,963.22	0.00	701,043.72	0.00	377,485.20
27	26,963.22	0.00	728,006.94	0.00	350,521.98
28	26,963.22	0.00	754,970.16	0.00	323,558.76
29	26,963.22	0.00	781,933.38	0.00	296,595.54
30	26,963.22	0.00	808,896.60	0.00	269,632.32
31	26,963.22	0.00	835,859.82	0.00	242,669.10
32	26,963.22	0.00	862,823.04	0.00	215,705.88
33	26,963.22	0.00	889,786.26	0.00	188,742.66
34	26,963.22	0.00	916,749.48	0.00	161,779.44
35	26,963.22	0.00	943,712.70	0.00	134,816.22
36	26,963.22	0.00	970,675.92	0.00	107,853.00
37	26,963.22	0.00	997,639.14	0.00	80,889.78
38	26,963.22	0.00	1,024,602.36	0.00	53,926.56
39	26,963.22	0.00	1,051,565.58	0.00	26,963.34
40	*26,963.34	0.00	1,078,528.92	0.00	0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

PROMISSORY NOTE

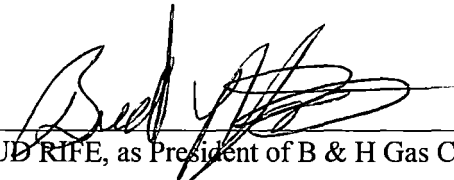
The undersigned, B & H Gas Company ("B & H"), whose address is P.O. Box 447 Betsy Layne, Kentucky, 41605 and B & S Gas Company ("B & S"), hereby acknowledge and agree as follows:

1. B & S has loaned money to B & H, in the amount of \$90,815.18.
2. Due to economic circumstances, B & S agrees that this loan shall be interest free.

In consideration of the foregoing, B & H and B & S agree as follows:

1. B & H shall make two payments per year to B & S for twenty years, for a total of 40 payments, each in the amount of \$2,270.38 until the debt is paid in full.
2. The amortization schedule reflecting each payment made, and the remaining principal, is attached hereto.

This writing constitutes the entire agreement of the parties and shall not be altered except by a writing signed by all the parties hereto.



BUD RIFE, as President of B & H Gas Company

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

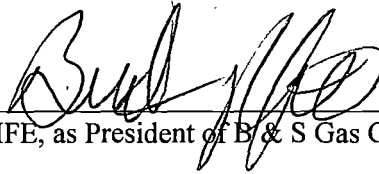
The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & H Gas Company.

My commission expires: 11/2/2022



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE

Notary ID #: 611335

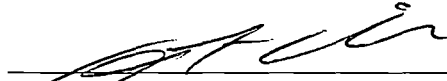


BUD RIFE, as President of B & S Gas Company

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & S Gas Company.

My commission expires: 11/2/2022.



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE

Notary ID #: 611335

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	90815.18	Payments per Year	2
Annual Interest Rate	0.0000	Number of Regular Payments	40
Balloon Payment		Payment Amount	2270.38

Show Amortization Schedule

Calculate

This loan calculator is written and maintained by Bret Whissel.
See [Bret's Blog](#) for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	\$90,815.18	Annual Payments:	2
Regular Payment amount:	\$2,270.38	Total Payments:	40 (20.00 years)
Final Balloon Payment:	\$0.00	Annual interest rate:	0.00%
Interest-only payment:	\$0.00	Periodic interest rate:	0.0000%
*Total Repaid:	\$90,815.20	Debt Service Constant:	5.0000%
*Total Interest Paid:	\$0.02	*Total interest paid as a percentage of Principal:	0.000%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent.
See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	2,270.38	0.00	2,270.38	0.00	88,544.80
2	2,270.38	0.00	4,540.76	0.00	86,274.42
3	2,270.38	0.00	6,811.14	0.00	84,004.04
4	2,270.38	0.00	9,081.52	0.00	81,733.66
5	2,270.38	0.00	11,351.90	0.00	79,463.28
6	2,270.38	0.00	13,622.28	0.00	77,192.90
7	2,270.38	0.00	15,892.66	0.00	74,922.52
8	2,270.38	0.00	18,163.04	0.00	72,652.14
9	2,270.38	0.00	20,433.42	0.00	70,381.76
10	2,270.38	0.00	22,703.80	0.00	68,111.38
11	2,270.38	0.00	24,974.18	0.00	65,841.00
12	2,270.38	0.00	27,244.56	0.00	63,570.62
13	2,270.38	0.00	29,514.94	0.00	61,300.24
14	2,270.38	0.00	31,785.32	0.00	59,029.86
15	2,270.38	0.00	34,055.70	0.00	56,759.48
16	2,270.38	0.00	36,326.08	0.00	54,489.10
17	2,270.38	0.00	38,596.46	0.00	52,218.72
18	2,270.38	0.00	40,866.84	0.00	49,948.34
19	2,270.38	0.00	43,137.22	0.00	47,677.96
20	2,270.38	0.00	45,407.60	0.00	45,407.58
21	2,270.38	0.00	47,677.98	0.00	43,137.20
22	2,270.38	0.00	49,948.36	0.00	40,866.82
23	2,270.38	0.00	52,218.74	0.00	38,596.44
24	2,270.38	0.00	54,489.12	0.00	36,326.06
25	2,270.38	0.00	56,759.50	0.00	34,055.68
26	2,270.38	0.00	59,029.88	0.00	31,785.30
27	2,270.38	0.00	61,300.26	0.00	29,514.92
28	2,270.38	0.00	63,570.64	0.00	27,244.54
29	2,270.38	0.00	65,841.02	0.00	24,974.16
30	2,270.38	0.00	68,111.40	0.00	22,703.78
31	2,270.38	0.00	70,381.78	0.00	20,433.40
32	2,270.38	0.00	72,652.16	0.00	18,163.02
33	2,270.38	0.00	74,922.54	0.00	15,892.64
34	2,270.38	0.00	77,192.92	0.00	13,622.26
35	2,270.38	0.00	79,463.30	0.00	11,351.88
36	2,270.38	0.00	81,733.68	0.00	9,081.50
37	2,270.38	0.00	84,004.06	0.00	6,811.12
38	2,270.38	0.00	86,274.44	0.00	4,540.74
39	2,270.38	0.00	88,544.82	0.00	2,270.36
40	*2,270.36	0.00	90,815.18	0.00	0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

PROMISSORY NOTE

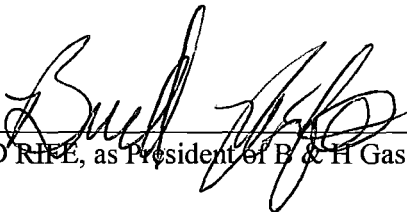
The undersigned, B & H Gas Company ("B & H"), whose address is P.O. Box 447 Betsy Layne, Kentucky, 41605 and Goss Samford PLLC ("Goss"), hereby acknowledge and agree as follows:

1. Goss has advanced services to B & H, the value of which is included in this promissory note, for a total of \$39,462.82.
2. The money owed to Goss by B & H is for past due services rendered.

In consideration of the foregoing, B & H and Goss agree as follows:

1. B & H shall make two payments per year to Goss for five years, for a total of 10 payments, each in the amount of \$3,946.28 until the debt is paid in full.
2. The amortization schedule reflecting each payment made, and the remaining principal, is attached hereto.

This writing constitutes the entire agreement of the parties and shall not be altered except by a writing signed by all the parties hereto.




BUD RIFE, as President of B & H Gas Company

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this 28th day of December, 2018, by BUD RIFE, as President of B & H Gas Company.

My commission expires: 11/2/2022.



NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: 611335

MARK GOSS, as Member of Goss Samford PLLC

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing instrument was subscribed, sworn to, and acknowledged before me this ____ day of December, 2018, by MARK GOSS, as Member of Goss Samford PLLC.

My commission expires: _____.

NOTARY PUBLIC, KENTUCKY, STATE AT LARGE
Notary ID #: _____

Loan Amortization Calculator

Almost any data field on this form may be calculated. Enter the appropriate numbers in each slot, leaving blank (or zero) the value that you wish to determine, and then click "Calculate" to update the page.

Principal	39462.82	Payments per Year	2
Annual Interest Rate	0.0000	Number of Regular Payments	10
Balloon Payment		Payment Amount	3946.28

Show Amortization Schedule

Calculate

This loan calculator is written and maintained by Bret Whissel.
See [Bret's Blog](#) for help, a spreadsheet, derivations, calculator news, and more information.

Summary

Principal borrowed:	\$39,462.82	Annual Payments:	2
Regular Payment amount:	\$3,946.28	Total Payments:	10 (5.00 years)
Final Balloon Payment:	\$0.00	Annual interest rate:	0.00%
Interest-only payment:	\$0.00	Periodic interest rate:	0.0000%
*Total Repaid:	\$39,462.80	Debt Service Constant:	20.0000%
*Total Interest Paid:	\$-0.02	*Total interest paid as a percentage of Principal:	-0.000%

**These results are estimates which do not account for accumulated error of payments being rounded to the nearest cent. See the amortization schedule for more accurate values.*

Pmt	Principal	Interest	Cum Prin	Cum Int	Prin Bal
1	3,946.28	0.00	3,946.28	0.00	35,516.54
2	3,946.28	0.00	7,892.56	0.00	31,570.26
3	3,946.28	0.00	11,838.84	0.00	27,623.98
4	3,946.28	0.00	15,785.12	0.00	23,677.70
5	3,946.28	0.00	19,731.40	0.00	19,731.42
6	3,946.28	0.00	23,677.68	0.00	15,785.14
7	3,946.28	0.00	27,623.96	0.00	11,838.86
8	3,946.28	0.00	31,570.24	0.00	7,892.58
9	3,946.28	0.00	35,516.52	0.00	3,946.30
10	*3,946.30	0.00	39,462.82	0.00	0.00

*The final payment has been adjusted to account for payments having been rounded to the nearest cent.

CONTRACT

THIS CONTRACT, made this 1st day of January, 2018, by and between B & H GAS COMPANY, INC., by and through, Bud Rife, whose address is P.O. Box 447, Betsy Layne, Kentucky 41605, and Bud Rife, whose address is P.O. Box 155, Harold, Kentucky 41635.

WITNESSETH:

WHEREAS, Bud Rife, which owns property and or holds oil and gas leases at Tram, Floyd County, Kentucky, and B & H GAS COMPANY, INC., the parties, hereby covenant and agree, as follows:

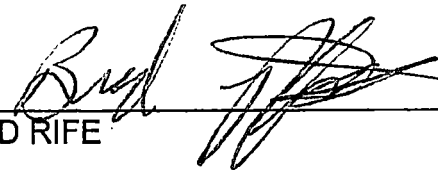
1. That B & H Gas Company, Inc., shall pay Bud Rife the sum of Two Thousand Dollars (\$2,000.00) per month for rental of necessary office space;
2. That the parties agree that B & H Gas Company, Inc., shall pay Bud Rife the sum of Six Hundred Dollars (\$600.00) per month for rental of two (2) trucks for a total of One Thousand Two Hundred Dollars (\$1,200.00) per month which, also, includes payment for applicable insurance and maintenance of trucks;
3. That B & H Gas Company, Inc., shall be responsible for any and all legal fees and expenses that Bud Rife may incur for any legal work performed or litigation in Kentucky;
4. That all transaction shall be arms length transactions.

The Parties hereto expressly represent that they understand and agree that all terms of this Contract are contractual in nature. The parties agree that their heirs, assigns, subsidiaries, employees, owners, stockholders and officers shall be bound by the terms of this Contract. They further expressly represent and warrant, that they are competent, and

possess complete authority to execute and enter into this Contract, and that in negotiating and executing this Contract, they have consulted with and been advised by counsel, of their own choosing, or had an opportunity to do so, concerning the meaning and legal effects of each of its terms and provisions. Also, they have carefully read this Contract in its entirety, and have agreed to its terms and provisions and acknowledge that there are no promises, inducements, representations nor agreements of any kind in connection with this Contract other than those expressly set forth herein. The parties execute this Contract voluntarily, without duress or coercion of any kind and they intend and agree that this is a final and binding Contract.



B & H GAS COMPANY, INC.
Bud Rife, President

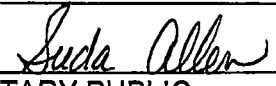


BUD RIFE

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed, sworn to and acknowledged to before me by B & H Gas Company, Inc., by and through Bud Rife, on this 15th day of January, 2018.

My Commission expires: 1/14/22

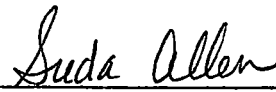


NOTARY PUBLIC

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed and sworn and acknowledged to before me by Bud Rife, on this 15th day of January, 2018.

My Commission expires: 1/14/22



NOTARY PUBLIC



B & H GAS COMPANY INC
2017 PAYMENTS TO BUD RIFE FOR OFFICE RENT

<u>DATE PAID</u>	<u>CHECK #</u>	<u>AMOUNT PAID</u>
01/10/17	8334	\$ 1000.00
02/08/17	8363	1000.00
02/17/17	8381	1000.00
02/27/17	8386	2000.00
03/10/17	8405	1000.00
03/27/17	8417	1000.00
04/27/17	8447	1000.00
06/02/17	8481	<u>1000.00</u>
	TOTAL PAID 2017	\$ 9000.00

BALANCE OWED 12/31/16	\$ 4000.00
TOTAL BILLED 2017	<u>13,500.00</u>
TOTAL OWED 12/31/17	\$ 17,500.00
TOTAL PAID 2017	<u>- 9000.00</u>

BALANCE OWED 12/31/17 **\$ 8500.00**

B & H GAS COMPANY INC
2017 PAYMENTS TO BUD RIFE FOR TRUCK RENTS

<u>DATE PAID</u>	<u>CHECK #</u>	<u>AMOUNT PAID</u>
01/06/17	8326	\$ 1856.00
02/01/17	8357	1856.00
02/27/17	8385	1856.00
03/10/17	8404	928.00
03/17/17	8412	928.00
04/10/17	8434	928.00
05/17/17	8451	928.00
06/16/17	8501	428.00
06/22/17	8509	928.00
	TOTAL PAID 2017	\$ 10,636.00
BALANCE OWED 12/31/16		\$ 5068.00
TOTAL BILLED 2017		<u>11,952.00</u>
TOTAL OWED 12/31/17		\$ 17,020.00
TOTAL PAID 2017		<u>-10,636.00</u>
	BALANCE OWED 12/31/17	\$ 6384.00

CONTRACT

THIS CONTRACT, made this 1st day of January, 2018, by and between B & H GAS COMPANY, INC., by and through, Bud Rife, whose address is P.O. Box 447, Harold, Kentucky 41635, and BUD RIFE CONSTRUCTION COMPANY, INC., whose address is P.O. Box.155, Harold, Kentucky 41635.

WITNESSETH:

WHEREAS, BUD RIFE CONSTRUCTION COMPANY, INC., and B & H GAS COMPANY, INC., the parties, hereby covenant and agree, as follows:

1. That Bud Rife Construction Company, Inc., shall perform work for B & H Gas Company, Inc., and the minimum amount of hours billed shall be two (2) hours. All transactions shall be arms length transactions;
2. That any unpaid bill shall become an interest free loan from Bud Rife Construction, Inc., to B & H Gas Company, Inc.;
3. That the parties agree that a billing statement shall be furnished for each job performed with the rates set forth per hour for labor and equipment and per foot for material;
4. That if equipment must be rented, that B & H Gas Company, Inc., shall be billed at cost plus ten percent (10%);
5. That Bud Rife Construction Company, Inc., shall maintain appropriate workers' compensation insurance coverage;
6. That Bud Rife Construction Company, Inc., shall use fittings, pipe, meter and other materials which shall be provided by B & H Gas Company, Inc.;

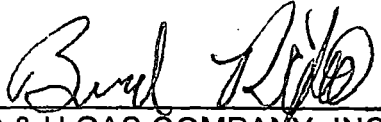
7. That all work shall be tested pursuant to the Public Service Commission regulations;

8. That a work order shall be provided and B & H Gas Company, Inc., shall perform the services to be done in accordance with the work order;

9. That Bud Rife Construction Company, Inc. shall furnish all necessary tools;

10. If more trucks are required than are rented monthly by B & H Gas Company, Inc., then, the additional trucks shall be billed at the regular rate charged by Bud Rife Construction Company, Inc.

The Parties hereto expressly represent that they understand and agree that all terms of this Contract are contractual in nature. The parties agree that their heirs, assigns, subsidiaries, employees, owners, stockholders and officers shall be bound by the terms of this Contract. They further expressly represent and warrant, that they are competent, and possess complete authority to execute and enter into this Contract, and that in negotiating and executing this Contract, they have consulted with and been advised by counsel, of their own choosing, or had an opportunity to do so, concerning the meaning and legal effects of each of its terms and provisions. Also, they have carefully read this Contract in its entirety, and have agreed to its terms and provisions and acknowledge that there are no promises, inducements, representations nor agreements of any kind in connection with this Contract other than those expressly set forth herein. The parties execute this Contract voluntarily, without duress or coercion of any kind and they intend and agree that this is a final and binding Contract.



B & H GAS COMPANY, INC.
Bud Rife, President



BUD RIFE CONSTRUCTION COMPANY, INC.
Bud Rife, President

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed, sworn to and acknowledged to before me by B & H Gas Company, Inc.,
by and through Bud Rife, on this 1st day of January, 2018.

My Commission expires: 1/14/22

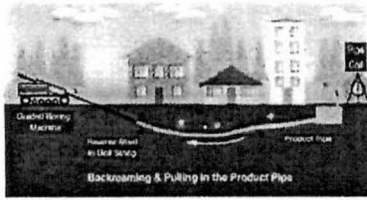
Suda Allen
NOTARY PUBLIC

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed and sworn and acknowledged to before me by Bud Rife Construction
Company, Inc., by and through Bud Rife, on this 1st day of January 2018,
2018.

My Commission expires: 1/14/22

Suda Allen
NOTARY PUBLIC



Bud Rife Construction

Estimate

PO Box 155
 Harold, KY 41635
 OFFICE: (606)478-5264
 CELL: (606)794-5264
 FAX: (606) 478-5266
 E-Mail: budri@mikrotec.com
 Website: www.budrifeconstruction.com

Date: 698
 03/05/2018

For: Invoice # B&H Gas Company Inc
 PO Box 447
 Betsy Layne, KY 41605

Code	Description	Quantity	Rate	Amount
SE-01	Hydro Seeder (Per Day)	1	\$3,000.00	\$3,000.00
T-07	Mack Crane Truck	1	\$90.00	\$90.00
T-38	PICKUP TRUCKS (PER DAY)	1	\$130.00	\$130.00
B-81.2	8" Horizontal Bore with casing MCL-24	1	\$140.00	\$140.00
B-90	12" DIRECTIONAL BORE DIRT 12" PIPE INCLUDED	1	\$135.00	\$135.00
B-76	4" ROCK DIRECTIONAL BORE ADD \$50.00 FOR CASING	1	\$45.00	\$45.00
LA-39	OPERATOR	1	\$35.00	\$35.00
T-62	MACK ROLLEBACK (PER HR)	1	\$90.00	\$90.00
ST-54	BENDING AND LIFTING TOOLS	1	\$700.00	\$700.00
LA-25	LIGHT PLANTS (PER HR)	1	\$50.00	\$50.00
HE-29	3000 LBS HYD HAMMER FOR PC 120	1	\$115.00	\$115.00
SE-58	RIP-RAP IN PLACE PER TON	1	\$70.00	\$70.00
ST-65	LARGE ELECTRIC JACKHAMMER	1	\$175.00	\$175.00
T-01	Mack Rollback	1 hour	\$90.00	\$90.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
HE-48	BUSH HOG W/MUSTANG	1	\$90.00	\$90.00
B-78	6" DIRT DIRECTIONAL BORE	1	\$60.00	\$60.00
HE-64	GENIE LIFT 40FT BOOM (PER HR)	1	\$75.00	\$75.00
SE-16	LARGE VIB PLATE TAMPER	1	\$220.00	\$220.00
T-50	MOROOKA TRACK DUMP TRUCK 1500	1	\$105.00	\$105.00
B-86	12" CASING	1	\$85.00	\$85.00
MISC-68	MARKING PAINT	1	\$55.00	\$55.00
B-72	2" DIRT DIRECTIONAL BORE	1	\$30.00	\$30.00
B-63	DRILL FOR DRILLING 24", 30" AND 36" HOLES. (PRICE PER FT)	1	\$110.00	\$110.00
MISC-93.5	2011 Tahoe	1	\$750.00	\$750.00
LA-41	LABOR (1 Man)	1	\$25.00	\$25.00
LA-42	FOREMAN & 1 MAN	1	\$60.00	\$60.00
HE-04	Bobcat Skid Steer Loader	1	\$70.00	\$70.00
SE-21	WATER PUMP (PER DAY)	1 day	\$130.00	\$130.00
ST-55	HAND HELD JACK HAMMER (ELECTRIC PER DAY)	1	\$90.00	\$90.00
T-56	4 WHEELER	1	\$40.00	\$40.00
HE-05	Mustang Skid Steer Loader	1	\$65.00	\$65.00
LA-57	1 FOREMEN & 2 MEN	1 hour	\$85.00	\$85.00
HE-06	6510 DitchWitch	1	\$80.00	\$80.00
ST-52	CHAIN SAW (PER DAY)	1	\$90.00	\$90.00
B-89	12" DIRECTIONAL BORE ROCK 12" PIPE INCLUDED	1	\$215.00	\$215.00
T-08	Mack Dump Truck (25 Yard Bed)	1	\$90.00	\$90.00
SE-18	LARGE VIB ROLLER	1	\$85.00	\$85.00
HE-70	LORAIN 20 TON CRANE	1	\$250.00	\$250.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
PROD-71	GRAVEL IN PLACE PER TON	1	\$60.00	\$60.00
HE-37	D61EX KOMATSU DOZER	1	\$135.00	\$135.00
HE-03	WA320 Komatsu Wheel Loader	1 hour	\$90.00	\$90.00
HE-27	PC 160 KOMATSU EXCAVATOR	1	\$135.00	\$135.00
GL-1.2	1 1/4" X 3/4" REDUCER	1	\$19.00	\$19.00
LA-67	1 Supervisor 1 Foreman 1 Laborer	1 hour	\$95.00	\$95.00
SE-60	AIR COMPRESSOR 160 CFM	1	\$55.00	\$55.00
HE-34	HYD HAMMER FOR SMALL EXCAVATOR	1	\$70.00	\$70.00
T-30	Mack Rollback	1	\$90.00	\$90.00
SE-17	SMALL VIB ROLLER	1	\$200.00	\$200.00
SE-51	SCAFFOLDING (PER DAY) (PER BUCK)	1	\$110.00	\$110.00
HE-26	SKID STEER WITH BROOM	1	\$110.00	\$110.00
T-46	VOLVO TRACTOR & TRAILER	1 hour	\$100.00	\$100.00
LA-43	FOREMAN & 2 MEN	1	\$95.00	\$95.00
B-82	10" DIRT DIRECTIONAL BORE	1	\$40.00	\$40.00
HE-28	PC 120 KOMATSU EXCAVATOR	1	\$115.00	\$115.00
T-09	International Dump Truck (9 Yard Bed)	1	\$65.00	\$65.00
SE-19	TRENCH ROLLER	1 hour	\$50.00	\$50.00
B-84	12" DIRT DIRECTIONAL BORE	1	\$120.00	\$120.00
GL-1.9	1" TRANSITION	1	\$35.00	\$35.00
B-12	HORIZONTAL BORING MACHINE 12" PER FOOT	1	\$150.00	\$150.00
LA-01	SUPERVISOR	1	\$35.00	\$35.00
ST-69	SMALL TOOLS AND MISC.	1	\$50.00	\$50.00
LA-40	FOREMAN	1	\$35.00	\$35.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
B-79	6" ROCK DIRECTIONAL BORE ADD \$55.00 FOR CASING	1	\$60.00	\$60.00
SE-66	STEAM PRESSURE WASHER (PER HR)	1 hour	\$60.00	\$60.00
SE-24	CONCRETE SAWS (PER DAY)	1	\$160.00	\$160.00
HE-32	PC 60 KOMATSU EXCAVATOR	1	\$90.00	\$90.00
SE-53	STRAW BLOWER (PER HR)	1 hour	\$60.00	\$60.00
B-77	4" DIRT DIRECTIONAL BORE	1	\$45.00	\$45.00
HE-23	D5H CAT DOZER	1	\$115.00	\$115.00
SE-20	LAZERS (PER DAY)	1	\$80.00	\$80.00
B-14	AIR HAMMER TOOL 3" HOLE PER FT.	1	\$60.00	\$60.00
HE-31	HAMMER FOR PC 88	1	\$110.00	\$110.00
B-80	8" DIRT DIRECTIONAL BORE	1	\$80.00	\$80.00
T-11	Fuso Ton Dump 4/YRD Bed	1	\$55.00	\$55.00
	HAUL IN FILL DIRT TO GRADE LEVEL AND COMPACT FILL	1	\$2,000.00	\$2,000.00
GL-1.65	FUSION EQUIPMENT	1	\$45.00	\$45.00
B-81	8" ROCK DIRECTIONAL BORE	1	\$80.00	\$80.00
B-13	HORIZONTAL BORING 6" OR 8" PER FT.	1	\$120.00	\$120.00
PROD-87	PIPE BEDDING	1	\$24.00	\$24.00
B-85	12" ROCK DIRECTIONAL BORE	1	\$120.00	\$120.00
B-81.1	8" Horizontal Bore MCL-24	1	\$100.00	\$100.00
B-75	3" ROCK DIRECTIONAL BORE	1	\$30.00	\$30.00
HE-35	3805 MUSTANG EXCAVATOR	1	\$60.00	\$60.00
SE-47	VERMEER BRUSH CHIPPER (PER HR)	1 hour	\$85.00	\$85.00
HE-36	KOMATSU 39 PX DOZER	1	\$105.00	\$105.00
B-74	3" DIRT DIRECTIONAL BORE	1	\$30.00	\$30.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
HE-49	MUSTANG W/AUGER ATTACHMENT	1	\$90.00	\$90.00
B-73	2" ROCK DIRECTIONAL BORE ADD \$15.00 FOR CASING	1	\$30.00	\$30.00
SE-22	WELDER, OXYGEN, ACETYLENE, AND ELECTRIC FUSION EQUIPMENT.	1 hour	\$85.00	\$85.00
SE-15	TAMPER PER DAY (JUMPING JACK)	1 day	\$135.00	\$135.00
LA-44	1 Supervisor, 1 Foreman, 2 men	1	\$120.00	\$120.00
HE-33	PC 35 KOMATSU EXCAVATOR	1	\$70.00	\$70.00
SE-59	POWER WHEEL BARROW	1	\$45.00	\$45.00
LA-61	DITCHWITCH PER FT.	1	\$3.00	\$3.00
B-83	10" ROCK DIRECTIONAL BORE	1	\$100.00	\$100.00
			Subtotal	\$14,331.00
			Total	\$14,331.00
			Total	\$14,331.00

CONTRACT

THIS CONTRACT, made this 1st day of January, 2018, by and between B & S GAS COMPANY, by and through, Bud Rife, whose address is P.O. Box 155, Harold, Kentucky 41635, and B & H GAS COMPANY, INC., whose address is P.O. Box 447, Betsy Layne, Kentucky 41605.

WITNESSETH:

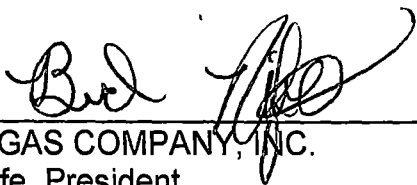
WHEREAS, Bud Rife d/b/a B & S GAS COMPANY, which owns property and or holds oil and gas leases at Tram, Floyd County, Kentucky, and B & H GAS COMPANY, INC., the parties, hereby covenant and agree, as follows:

1. That B & S Gas Company, shall bill B & H Gas Company, Inc., monthly for gas used and B & H Gas Company, Inc., shall pay for BTU content;
2. That any unpaid amounts for said gas purchases shall be treated as an interest free loan to B & H Gas Company, Inc.;
3. That the parties agree that this contract shall renew annually unless otherwise changed in writing;
4. That B & H Gas Company, Inc., shall be responsible for any and all legal fees and expenses that B & S Gas Company may incur for any legal work performed or litigation whatsoever.
5. That any outstanding bills for gas shall be paid at the rate of 1.00 MCF per plus gas cost;
6. That, should B & H Gas Company, Inc., borrow funds from B & S Gas Company, it shall be set forth on a separate billing statement;

7. That B & H Gas Company, Inc., shall pay office rent at the rate of Two Thousand Dollars (\$2,000.00) per month and shall pay Six Hundred Dollars (\$600.00) each for two (2) trucks for total monthly truck rental of One Thousand Two Hundred Dollars (\$1,200.00) which includes insurance and maintenance;

8. All transactions shall be arms length transactions.

The Parties hereto expressly represent that they understand and agree that all terms of this Contract are contractual in nature. The parties agree that their heirs, assigns, subsidiaries, employees, owners, stockholders and officers shall be bound by the terms of this Contract. They further expressly represent and warrant, that they are competent, and possess complete authority to execute and enter into this Contract, and that in negotiating and executing this Contract, they have consulted with and been advised by counsel, of their own choosing, or had an opportunity to do so, concerning the meaning and legal effects of each of its terms and provisions. Also, they have carefully read this Contract in its entirety, and have agreed to its terms and provisions and acknowledge that there are no promises, inducements, representations nor agreements of any kind in connection with this Contract other than those expressly set forth herein. The parties execute this Contract voluntarily, without duress or coercion of any kind and they intend and agree that this is a final and binding Contract.



B & H GAS COMPANY, INC.
Bud Rife, President



B & S GAS COMPANY
Bud Rife

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed, sworn to and acknowledged to before me by B & H Gas Company, Inc.,
by and through Bud Rife, on this 15th day of January, 2018.

My Commission expires: 1/14/22.

Suda Allen
NOTARY PUBLIC

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed and sworn and acknowledged to before me by Bud Rife d/b/a B & S
Gas Company, on this 15th day of January, 2018.

My Commission expires: 1/14/22.

Suda Allen
NOTARY PUBLIC

1/14/22
1/14/22



Bud Rife Construction

Estimate

PO Box 155
 Harold, KY 41635
 OFFICE: (606)478-5264
 CELL: (606)794-5264
 FAX: (606) 478-5266
 E-Mail: budri@mikrotec.com
 Website: www.budrifeconstruction.com

Date: 03/05/2018
 698

For: Invoice # B&H Gas Company Inc
 PO Box 447
 Betsy Layne, KY 41605

Code	Description	Quantity	Rate	Amount
SE-01	Hydro Seeder (Per Day)	1	\$3,000.00	\$3,000.00
T-07	Mack Crane Truck	1	\$90.00	\$90.00
T-38	PICKUP TRUCKS (PER DAY)	1	\$130.00	\$130.00
B-81.2	8" Horizontal Bore with casing MCL-24	1	\$140.00	\$140.00
B-90	12" DIRECTIONAL BORE DIRT 12" PIPE INCLUDED	1	\$135.00	\$135.00
B-76	4" ROCK DIRECTIONAL BORE ADD \$50.00 FOR CASING	1	\$45.00	\$45.00
LA-39	OPERATOR	1	\$35.00	\$35.00
T-62	MACK ROLLBACK (PER HR)	1	\$90.00	\$90.00
ST-54	BENDING AND LIFTING TOOLS	1	\$700.00	\$700.00
LA-25	LIGHT PLANTS (PER HR)	1	\$50.00	\$50.00
HE-29	3000 LBS HYD HAMMER FOR PC 120	1	\$115.00	\$115.00
SE-58	RIP-RAP IN PLACE PER TON	1	\$70.00	\$70.00
ST-65	LARGE ELECTRIC JACKHAMMER	1	\$175.00	\$175.00
T-01	Mack Rollback	1 hour	\$90.00	\$90.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
HE-48	BUSH HOG W/MUSTANG	1	\$90.00	\$90.00
B-78	6" DIRT DIRECTIONAL BORE	1	\$60.00	\$60.00
HE-64	GENIE LIFT 40FT BOOM (PER HR)	1	\$75.00	\$75.00
SE-16	LARGE VIB PLATE TAMPER	1	\$220.00	\$220.00
T-50	MOROOKA TRACK DUMP TRUCK 1500	1	\$105.00	\$105.00
B-86	12" CASING	1	\$85.00	\$85.00
MISC-68	MARKING PAINT	1	\$55.00	\$55.00
B-72	2" DIRT DIRECTIONAL BORE	1	\$30.00	\$30.00
B-63	DRILL FOR DRILLING 24", 30" AND 36" HOLES. (PRICE PER FT)	1	\$110.00	\$110.00
MISC-93.5	2011 Tahoe	1	\$750.00	\$750.00
LA-41	LABOR (1 Man)	1	\$25.00	\$25.00
LA-42	FOREMAN & 1 MAN	1	\$60.00	\$60.00
HE-04	Bobcat Skid Steer Loader	1	\$70.00	\$70.00
SE-21	WATER PUMP (PER DAY)	1 day	\$130.00	\$130.00
ST-55	HAND HELD JACK HAMMER (ELECTRIC PER DAY)	1	\$90.00	\$90.00
T-56	4 WHEELER	1	\$40.00	\$40.00
HE-05	Mustang Skid Steer Loader	1	\$65.00	\$65.00
LA-57	1 FOREMEN & 2 MEN	1 hour	\$85.00	\$85.00
HE-06	.6510 DitchWitch	1	\$80.00	\$80.00
ST-52	CHAIN SAW (PER DAY)	1	\$90.00	\$90.00
B-89	12" DIRECTIONAL BORE ROCK 12" PIPE INCLUDED	1	\$215.00	\$215.00
T-08	Mack Dump Truck (25 Yard Bed)	1	\$90.00	\$90.00
SE-18	LARGE VIB ROLLER	1	\$85.00	\$85.00
HE-70	LORAIN 20 TON CRANE	1	\$250.00	\$250.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
PROD-71	GRAVEL IN PLACE PER TON	1	\$60.00	\$60.00
HE-37	D61EX KOMATSU DOZER	1	\$135.00	\$135.00
HE-03	WA320 Komatsu Wheel Loader	1 hour	\$90.00	\$90.00
HE-27	PC 160 KOMATSU EXCAVATOR	1	\$135.00	\$135.00
GL-1.2	1 1/4" X 3/4" REDUCER	1	\$19.00	\$19.00
LA-67	1 Supervisor 1 Foreman 1 Laborer	1 hour	\$95.00	\$95.00
SE-60	AIR COMPRESSOR 160 CFM	1	\$55.00	\$55.00
HE-34	HYD HAMMER FOR SMALL EXCAVATOR	1	\$70.00	\$70.00
T-30	Mack Rollback	1	\$90.00	\$90.00
SE-17	SMALL VIB ROLLER	1	\$200.00	\$200.00
SE-51	SCAFFOLDING (PER DAY) (PER BUCK)	1	\$110.00	\$110.00
HE-26	SKID STEER WITH BROOM	1	\$110.00	\$110.00
T-46	VOLVO TRACTOR & TRAILER	1 hour	\$100.00	\$100.00
LA-43	FOREMAN & 2 MEN	1	\$95.00	\$95.00
B-82	10" DIRT DIRECTIONAL BORE	1	\$40.00	\$40.00
HE-28	PC 120 KOMATSU EXCAVATOR	1	\$115.00	\$115.00
T-09	International Dump Truck (9 Yard Bed)	1	\$65.00	\$65.00
SE-19	TRENCH ROLLER	1 hour	\$50.00	\$50.00
B-84	12" DIRT DIRECTIONAL BORE	1	\$120.00	\$120.00
GL-1.9	1" TRANSITION	1	\$35.00	\$35.00
B-12	HORIZONTAL BORING MACHINE 12" PER FOOT	1	\$150.00	\$150.00
LA-01	SUPERVISOR	1	\$35.00	\$35.00
ST-69	SMALL TOOLS AND MISC.	1	\$50.00	\$50.00
LA-40	FOREMAN	1	\$35.00	\$35.00

Code	Description	Quantity	Rate	Amount
B-79	6" ROCK DIRECTIONAL BORE ADD \$55.00 FOR CASING	1	\$60.00	\$60.00
SE-66	STEAM PRESSURE WASHER (PER HR)	1 hour	\$60.00	\$60.00
SE-24	CONCRETE SAWS (PER DAY)	1	\$160.00	\$160.00
HE-32	PC 60 KOMATSU EXCAVATOR	1	\$90.00	\$90.00
SE-53	STRAW BLOWER (PER HR)	1 hour	\$60.00	\$60.00
B-77	4" DIRT DIRECTIONAL BORE	1	\$45.00	\$45.00
HE-23	D5H CAT DOZER	1	\$115.00	\$115.00
SE-20	LAZERS (PER DAY)	1	\$80.00	\$80.00
B-14	AIR HAMMER TOOL 3" HOLE PER FT.	1	\$60.00	\$60.00
HE-31	HAMMER FOR PC 88	1	\$110.00	\$110.00
B-80	8" DIRT DIRECTIONAL BORE	1	\$80.00	\$80.00
T-11	Fuso Ton Dump 4/YRD Bed	1	\$55.00	\$55.00
	HAUL IN FILL DIRT TO GRADE LEVEL AND COMPACT FILL	1	\$2,000.00	\$2,000.00
GL-1.65	FUSION EQUIPMENT	1	\$45.00	\$45.00
B-81	8" ROCK DIRECTIONAL BORE	1	\$80.00	\$80.00
B-13	HORIZONTAL BORING 6" OR 8" PER FT.	1	\$120.00	\$120.00
PROD-87	PIPE BEDDING	1	\$24.00	\$24.00
B-85	12" ROCK DIRECTIONAL BORE	1	\$120.00	\$120.00
B-81.1	8" Horizontal Bore MCL-24	1	\$100.00	\$100.00
B-75	3" ROCK DIRECTIONAL BORE	1	\$30.00	\$30.00
HE-35	3805 MUSTANG EXCAVATOR	1	\$60.00	\$60.00
SE-47	VERMEER BRUSH CHIPPER (PER HR)	1 hour	\$85.00	\$85.00
HE-36	KOMATSU 39 PX DOZER	1	\$105.00	\$105.00
B-74	3" DIRT DIRECTIONAL BORE	1	\$30.00	\$30.00

Bud Rife Construction - Estimate 698 - 03/05/2018

Code	Description	Quantity	Rate	Amount
HE-49	MUSTANG W/AUGER ATTACHMENT	1	\$90.00	\$90.00
B-73	2" ROCK DIRECTIONAL BORE ADD \$15.00 FOR CASING	1	\$30.00	\$30.00
SE-22	WELDER, OXYGEN, ACETYLENE, AND ELECTRIC FUSION EQUIPMENT.	1 hour	\$85.00	\$85.00
SE-15	TAMPER PER DAY (JUMPING JACK)	1 day	\$135.00	\$135.00
LA-44	1 Supervisor, 1 Foreman, 2 men	1	\$120.00	\$120.00
HE-33	PC 35 KOMATSU EXCAVATOR	1	\$70.00	\$70.00
SE-59	POWER WHEEL BARROW	1	\$45.00	\$45.00
LA-61	DITCHWITCH PER FT.	1	\$3.00	\$3.00
B-83	10" ROCK DIRECTIONAL BORE	1	\$100.00	\$100.00
			Subtotal	\$14,331.00
			Total	\$14,331.00
			Total	\$14,331.00

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 1st day of October, 2017

BETWEEN:

Bud Rife of PO Box 155, Harold, Kentucky, 41635

Telephone: (606) 478-5233 Fax: _____

(the "Landlord")

OF THE FIRST PART

- AND -

B&H Gas Company of PO BOX 447, Betsy Layne, Kentucky, 41605

Telephone: (606) 478-5851 Fax: (606) 478-5266

(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

1. Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:

- a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
- b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at, 497 George Road, Betsy Layne, KY, 41605, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;

- c. "Common Areas and Facilities" mean:
- i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and
 - ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;
- d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;
- e. "Premises" means the office space at, 497 George Road, Betsy Layne, KY, 41605;
- f. "Proportionate Share" means a fraction, the numerator of which is the Leasable Area of the Premises and the denominator of which is the aggregate of the Leasable Area of all rentable premises in the Building.

g. "Rent" means the total of Base Rent and Additional Rent.

2. **Leased Premises**

2. The Landlord agrees to rent to the Tenant the office space municipally described as, 497 George Road, Betsy Layne, KY, 41605, (the "Premises"). The Premises will be used for only the following permitted use (the "Permitted Use"):

Natural Gas Utility Commercial Office Space.

Neither the Premises nor any part of the Premises will be used at any time during the Term by Tenant for any purpose other than the Permitted Use.

3. No pets or animals are allowed to be kept in or about the Premises or in any common areas in the building containing the Premises without the prior written permission of the Landlord. Upon thirty (30) days notice, the Landlord may revoke any consent previously given under this clause.
4. Subject to the provisions of this Lease, the Tenant is entitled to the use of parking (the 'Parking') on or about the Premises. Only properly insured motor vehicles may be parked in the Tenant's space.

5. **Term**

6. Lease commences at 12:00 noon on October 1, 2017
7. Should the Tenant remain in possession of the Premises with the consent of the Landlord after the natural expiration of this Lease, a new tenancy from month to month will be created between the Landlord and the Tenant which will be subject to all the terms and conditions of this Lease but will be terminable upon either party giving one month's notice to the other party.

8. **Rent**

7. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$2,000.00, payable per month, for the Premises (the "Base Rent").
8. The Tenant will pay the Base Rent on or before the First of each and every month of the Term to the Landlord.

9. **Operating Costs**

9. In addition to the Base Rent, the Tenant will pay as Additional Rent, without setoff, abatement or deduction, its Proportionate Share of all of the Landlord's costs, charges and expenses of operating, maintaining, repairing, replacing and insuring the Building including the Common Areas and Facilities from time to time and the carrying out of all obligations of the Landlord under this Lease and similar leases with respect to the Building ("Operating Costs").
10. Except as otherwise provided in this Lease, Operating Costs will not include debt service, depreciation, costs determined by the Landlord from time to time to be fairly allocable to the correction of construction faults or initial maladjustments in operating equipment, all management costs not allocable to the actual maintenance, repair or operation of the Building (such as in connection with leasing and rental advertising), work performed in connection with the initial construction of the Building and the Premises and improvements and modernization to the Building subsequent to the date of original construction which are not in the nature of a repair or replacement of an existing component, system or part of the Building.
11. Operating Costs will also not include the following:
- a. any increase in insurance premiums to the center as a result of business activities of other Tenants;
 - b. the costs of any capital replacements;
 - c. the costs incurred or accrued due to the willful act or negligence of the Landlord or anyone acting on behalf of the Landlord;
 - d. structural repairs;
 - e. costs for which the Landlord is reimbursed by insurers or covered by warranties;
 - f. costs incurred for repairs or maintenance for the direct account of a specific Tenant or vacant space;

- g. costs recovered directly from any Tenant for separate charges such as heating, ventilating, and air conditioning relating to that Tenant's leased premises, and in respect of any act, omission, neglect or default of any Tenant of its obligations under its Lease; or
- h. any expenses incurred as a result of the Landlord generating revenues from common area facilities will be paid from those revenues generated.

12. The Tenant will pay:

- a. To the Landlord, the Tenant's Proportionate Share of all real property taxes, rates, duties, levies and assessments which are levied, rated, charged, imposed or assessed by any lawful taxing authority (whether federal, state, district, municipal, school or otherwise) against the Building and the land or any part of the Building and land from time to time or any taxes payable by the Landlord which are charged in lieu of such taxes or in addition to such taxes, but excluding income tax upon the income of the Landlord to the extent that such taxes are not levied in lieu of real property taxes against the Building or upon the Landlord in respect of the Building.
- b. To the lawful taxing authorities, or to the Landlord, as it may direct, as and when the same become due and payable, all taxes, rates, use fees, duties, assessments and other charges that are levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Tenant on or in default by the Tenant and in respect of any business carried on in the Premises or in respect of the use or occupancy of the Premises by the Tenant and every subtenant, licensee, concessionaire or other person doing business on or from the Premises or occupying any portion of the Premises.

13. For any rent review negotiation, the basic rent will be calculated as being the higher of the Base Rent payable immediately before the date of review and the Open Market Rent on the date of review.

14. **Landlord's Estimate**

14. The Landlord may, in respect of all taxes and Operating Costs and any other items of Additional Rent referred to in this Lease compute bona fide estimates of the amounts which are anticipated to accrue in the next following lease year, calendar year or fiscal year, or portion of such year, as the Landlord may determine is most appropriate for each and of all items of Additional Rent, and the Landlord may provide the Tenant with written notice and a reasonable breakdown of the amount of any such estimate, and the Tenant, following receipt of such written notice of the estimated amount and breakdown will pay to the Landlord such amount, in equal consecutive monthly installment throughout the applicable period with the monthly installment of Base Rent. With respect to any item of Additional rent which the Landlord has not elected to estimate from time to time, the Tenant will pay to the Landlord the amount of such item of Additional Rent, determined under the applicable provisions of this Lease, immediately upon receipt of an invoice setting out such items of Additional Rent. Within one hundred and twenty (120) days of the conclusion of each year of the term or a portion of a year, as the case may be, calendar year or fiscal year, or portion of such year, as the case may be, for which the Landlord has estimated any item of Additional Rent, the Landlord will compute the actual amount of such item of Additional Rent, and make available to the Tenant for examination a statement providing the amount of such item of Additional Rent and the calculation of the Tenant's share of that Additional Rent for such year or portion of such year. If the actual amount of such items of Additional Rent, as set out in the any such statement, exceeds the aggregate amount of the installment paid by the Tenant in respect of such item, the Tenant will pay to the Landlord the amount of excess within fifteen (15) days of receipt of any such statement. If the contrary is the case, any such statement will be accompanied by a refund to the Tenant of any such overpayment without interest, provided that the Landlord may first deduct from such refund any rent which is then in arrears.

15. **Use and Occupation**

15. The Tenant will use and occupy the Premises only for the Permitted Use and for no other purpose whatsoever. The Tenant will carry on business under the name of B&H Gas Company and will not change such name without the prior written consent of the Landlord, such consent not to be unreasonably withheld. The Tenant will open the whole of the Premises for business to the public fully fixtured, stocked and staffed on the date of commencement of the term and throughout the term, will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such

days and during such hours of business as may be determined from time to time by the Landlord.

16. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, provincial, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

17. **Quiet Enjoyment**

17. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

18. **Distress**

18. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.

19. **Overholding**

19. If the Tenant continues to occupy the Premises without the written consent of the Landlord after the expiration or other termination of the term, then, without any further written agreement, the Tenant will be a month-to-month tenant at a minimum monthly rental equal to twice the Base Rent and subject always to all of the other provisions of this Lease insofar as the same are applicable to a month-to-month tenancy and a tenancy from year to year will not be created by implication of law.

20. **Additional Rights on Reentry**

20. If the Landlord reenters the Premises or terminates this Lease, then:

- a. notwithstanding any such termination or the term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination will survive;
- b. the Landlord may use such reasonable force as it may deem necessary for the purpose of gaining admittance to and retaking possession of the Premises and the Tenant hereby releases the Landlord from all actions, proceedings, claims and demands whatsoever for and in respect of any such forcible entry or any loss or damage in connection therewith or consequential thereupon;
- c. the Landlord may expel and remove, forcibly, if necessary, the Tenant, those claiming under the Tenant and their effects, as allowed by law, without being taken or deemed to be guilty of any manner of trespass;
- d. in the event that the Landlord has removed the property of the Tenant, the Landlord may store such property in a public warehouse or at a place selected by the Landlord, at the expense of the Tenant. If the Landlord feels that it is not worth storing such property given its value and the cost to store it, then the Landlord may dispose of such property in its sole discretion and use such funds, if any, towards any indebtedness of the Tenant to the Landlord. The Landlord will not be responsible to the Tenant for the disposal of such property other than to provide any balance of the proceeds to the Tenant after paying any storage costs and any amounts owed by the Tenant to the Landlord;
- e. the Landlord may relet the Premises or any part of the Premises for a term or terms which may be less or greater than the balance of the Term remaining and may grant reasonable concessions in connection with such reletting including any alterations and improvements to the Premises;
- f. after reentry, the Landlord may procure the appointment of a receiver to take possession and collect rents and profits of the business of the Tenant, and, if necessary to collect the rents and profits the receiver may carry on the business of the Tenant and take possession of the personal property used in the business of the

Tenant, including inventory, trade fixtures, and furnishings, and use them in the business without compensating the Tenant;

- g. after reentry, the Landlord may terminate the Lease on giving 5 days written notice of termination to the Tenant. Without this notice, reentry of the Premises by the Landlord or its agents will not terminate this Lease;
- h. the Tenant will pay to the Landlord on demand:
 - i. all rent, Additional Rent and other amounts payable under this Lease up to the time of reentry or termination, whichever is later;
 - ii. reasonable expenses as the Landlord incurs or has incurred in connection with the reentering, terminating, reletting, collecting sums due or payable by the Tenant, realizing upon assets seized; including without limitation, brokerage, fees and expenses and legal fees and disbursements and the expenses of keeping the Premises in good order, repairing the same and preparing them for reletting; and
 - iii. as liquidated damages for the loss of rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the term had it not been terminated, at the option of the Landlord, either:
 - 1. an amount determined by reducing to present worth at an assumed interest rate of twelve percent (12%) per annum all Base Rent and estimated Additional Rent to become payable during the period which would have constituted the unexpired portion of the term, such determination to be made by the Landlord, who may make reasonable estimates of when any such other amounts would have become payable and may make such other assumptions of the facts as may be reasonable in the circumstances; or
 - 2. an amount equal to the Base Rent and estimated Additional Rent for a period of six (6) months.

21. Renewal of Lease

21. Upon giving written notice no later than 60 days before the expiration of the Term, the Tenant may renew this Lease for an additional term. All terms of the renewed lease will be the same except for any signing incentives/inducements and this renewal clause and the amount of the rent. If the Landlord and the Tenant cannot agree as to the amount of the Rent, the amount of the Rent will be determined by mediation. The Rent should be determined taking into consideration the market rent of similarly improved premises in the market, as well as the location, use, age, and size of premises.

22. **Tenant Improvements**

22. The Tenant will obtain written permission from the Landlord before doing any of the following:

- a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
- b. removing or adding walls, or performing any structural alterations;
- c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
- d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;
- e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or
- f. installing or affixing upon or near the Premises any plan, equipment, machinery or apparatus without the Landlord's prior consent.

23. **Utilities and Other Costs**

23. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, Internet and cable.

24. Abandonment

24. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

25. Attorney Fees

25. In the event that any action is filed in relation to this Lease, the unsuccessful party in the action will pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's attorney fees.

26. Governing Law

26. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the Commonwealth of Kentucky, without regard to the jurisdiction in which any action or special proceeding may be instituted.

27. Severability

27. If there is a conflict between any provision of this Lease and the applicable legislation of the Commonwealth of Kentucky (the 'Act'), the Act will prevail and such provisions of

the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

28. Assignment and Subletting

28. The Tenant will not assign this Lease, or sublet or grant any concession or license to use the Premises or any part of the Premises. An assignment, subletting, concession, or license, whether by operation of law or otherwise, will be void and will, at Landlord's option, terminate this Lease.

29. Bulk Sale

29. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.

30. Care and Use of Premises

30. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.

31. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Parking facilities are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.

32. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.

33. The Tenant will not engage in any illegal trade or activity on or about the Premises.

34. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

35. **Surrender of Premises**

35. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

36. **Hazardous Materials**

36. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.

37. **Rules and Regulations**

37. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

38. **General Provisions**

38. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.

39. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.

- 40. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.
- 41. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
- 42. Time is of the essence in this Lease.
- 43. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

Bud Rife
B&H Gas Company, Inc.
Bud Rife, President

Bud Rife
Bud Rife

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed, sworn to and acknowledged to before me by B&H Gas Company, Inc., by and through Bud Rife, on this 1st day of October, 2017

STATE OF KENTUCKY
COUNTY OF FLOYD

Subscribed, sworn to and acknowledged to before me by Bud Rife, on this 1st day of October, 2017

My Commission expires: January 14, 2022

Sude Allen
NOTARY PUBLIC