

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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FEB 27 2019

In The Matter of:

PUBLIC SERVICE
COMMISSION

APPLICATION OF JOHNSON COUNTY)
GAS CO., INC. FOR AN ALTERNATIVE) Case No.
RATE ADJUSTMENT) 2018-00434

ATTORNEY GENERAL'S DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Data Requests to Johnson County Gas Company, Inc. [hereinafter "JCG" or "the Company"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for JCG with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or

otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, state: the identity of the person by whom it was destroyed or

transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

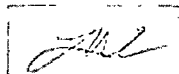
(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR
ATTORNEY GENERAL



LAWRENCE W. COOK
JUSTIN M. McNEIL
REBECCA W. GOODMAN
ASSISTANT ATTORNEYS GENERAL
700 CAPITOL AVE., SUITE 20
FRANKFORT KY 40601
(502) 696-5453
FAX: (502) 573-8315
Rebecca.Goodman@ky.gov
Larry.Cook@ky.gov
Justin.McNeil@ky.gov

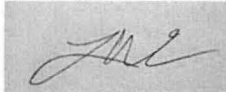
Certificate of Service and Filing

Counsel certifies that an original and five photocopies of the foregoing were served and filed by hand delivery to Ms. Gwen R. Pinson, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Joe F. Childers, Esq.
201 W. Short St., Ste. 300
Lexington, KY 40507

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

This 27th day of February, 2019.



Assistant Attorney General

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1. Confirm that the following entities are affiliated to JCG. If the affiliation has ceased, state when the affiliation terminated:
 - a. B&H Gas Co. ("B&H");
 - b. B&S Oil & Gas Co. ("B&S");
 - c. Bud Rife Construction Co.;
 - d. Hall, Stephens & Hall;
 - e. Bradco Oil Co.;
 - f. Bradley & Son Oil & Gas Co.

2. Provide the total sums JCG has paid to each of the following in the past five (5) calendar years, broken down by type of expense:
 - a. Bud Rife Construction Co.;
 - b. Hall, Stephens & Hall;
 - c. B&H;
 - d. B&S;
 - e. Bud Rife, individually

3. With regard to each of the four affiliated entities identified in question immediately above, provide the percentage of their total operating income that is derived from conducting business with JCG.

4. Provide the total debt JCG owes to each of the following:
 - a. Bud Rife Construction Co.;
 - b. Hall, Stephens & Hall;
 - c. JCG;
 - d. B&S;
 - e. Bud Rife, individually

5. State how many employees JCG has, and state:
 - a. whether each employee is full or part time;
 - b. the benefits provided to each employee, including salaries;
 - c. a description of their job functions

6. Provide the number of employees, identifying which are full-time and which part-time, for each of:
 - a. Bud Rife Construction Co.;
 - b. Hall, Stephens & Hall;
 - c. B&H;

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d. B&S

7. Provide a ledger depicting the amounts of shared costs which JCG paid for each of the last three years to each of its affiliates. The term "shared costs" as used in this question includes, but is not limited to human resources, utility plant, and rentals.
 - a. Identify the entity or entities to which such shared costs were paid (for example, whether to Bud Rife Construction Co., B&S, etc.).
 - b. State whether the shared services were provided on an hourly basis, weekly, or monthly.
 - c. Explain the procedures JCG follows in allocating the appropriate time and expense to JCG.
8. Provide the amount of profit / loss for each of the following for each of the last five (5) years:
 - a. Bud Rife Construction Co.;
 - b. Hall, Stephens & Hall;
 - c. B&H;
 - d. B&S
9. Provide copies of all accounts receivable for the last three years for the following:
 - a. JCG;
 - b. Bud Rife Construction Co.;
 - c. Hall, Stephens & Hall;
 - d. B&H;
 - e. B&S
10. Provide balance sheets for the last three years for the following:
 - a. JCG;
 - b. Bud Rife Construction Co.;
 - c. Hall, Stephens & Hall;
 - d. B&H;
 - e. B&S
11. Identify the location of all building(s) from which JCG conducts its business operations, including both the street and mailing addresses of all such applicable buildings.

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- a. Identify all individuals and/or business entities (including but not limited to JCG's affiliates) that share space at any such locations.
- b. Provide the percentages that all such individuals, entities and affiliates contribute toward costs for office and/or other buildings.
- c. Identify the individual(s) or business entities that own all such buildings.
- d. With regard to the building rent JCG pays to Bud Rife, state when the rental cost increased from \$1,000 per month to \$2,000 per month, and identify all reasons for the cost increase.

12. Provide the street and mailing addresses for all locations for the following:

- a. Hall, Stephens & Hall;
- b. JCG;
- c. B&S;
- d. B&H;
- e. Bud Rife Construction Co.

13. Provide the street and mailing addresses for all locations where records regarding the following are kept:

- a. Hall, Stephens & Hall;
- b. JCG;
- c. B&S;
- d. B&H;
- e. Bud Rife Construction Co.

14. Given that JCG and its affiliate B&H Gas are operated out of the same office, explain the degree to which the management services Mr. Rife provides to the two companies overlap.

15. Provide the name, mailing and street addresses of any other business of any type or sort in which Mr. Rife has any role whatsoever.

- a. If any, explain the nature of the business, and Mr. Rife's responsibilities with that business.

16. Provide a detailed description of all functions, tasks and duties Mr. Rife performs for JCG.

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17. State whether the management fee JCG pays to Mr. Rife includes costs for wages and benefits of secretarial help. If so, provide the amounts Mr. Rife has paid for such services for each of the past three years.
18. Provide documentation of the amount of the management fees JCG paid to Mr. Rife for each of the past five (5) years.
19. Provide the amount of compensation Mr. Rife received from Hall, Stephens & Hall, and from each of the entities he owns for each of the past three years. Include also whether this compensation includes any benefits, and if so, identify the type of benefits and monetary value thereof.
 - a. With regard to B&S, this request includes net earnings, management fee, or any and all other types of compensation Mr. Rife received from B&S.
20. When was the last time JCG issued an RFP for gas cost?
 - a. If within the past five years, provide copies of all bids.
21. Confirm that in Case No. 2012-00140 ("Alternative Rate Filing Adjustment Application of Johnson County Gas Company"), the Commission included for ratemaking purposes an annual management fee to be paid to Mr. Rife by JCG in the total sum of \$59,120.
22. Provide JCG's telephone expense for each of the past three years.
 - a. Reference JCG's response to PSC 2-6 (a) in Case No. 2012-00140.
 - i. Given that JCG shares office space with B&H, explain whether JCG has ever attempted to obtain a customized business phone plan in which expenses are shared between JCG and B&H.
 - ii. Explain why it is appropriate for JCG to share the expenses of 5 cell phones which Mr. Rife, his employees and/or contractors use for Bud Rife Construction Co. and B&H.
 - iii. Explain whether Mr. Rife has a separate phone plan for B&S, and if so, identify all businesses that share in the costs of that phone plan.
23. Provide all correspondence between JCG and the Commonwealth of Kentucky, Department for Local Government regarding funds loaned to JCG.

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- a. Confirm that the Commonwealth of Kentucky, Department for Local Government's proof of claim in JCG's bankruptcy totaled \$1.98 million, consisting of \$1.255 million in secured claims, and \$792,000 in unsecured claims.
 - b. Describe the efforts JCG and/or Mr. Rife to obtain clarification from the Commonwealth of Kentucky regarding whether the Commonwealth will continue to pursue collection of all or any portion of this loan.
24. Confirm that in 1998, Bud Rife purchased from the Commonwealth of Kentucky, Department for Local Government all of the stock of JCG.
- a. Identify the source of funds (for example, a loan) Mr. Rife utilized to purchase JCG's stock.
 - b. Explain whether any loan or other proceeds utilized to purchase JCG's stock have been repaid, and if so, when.
25. Reference Case No. 2012-00140, Alternative Rate Filing Adjustment of Johnson County Gas Co., JCG's Application, copy of the U.S. Bankruptcy Court's Proof of Claim submitted by Constellation NewEnergy – Gas Division, LLC ("Constellation") for the sale of natural gas to JCG in the sum of \$84,919.00.
- a. Has this debt been paid? If so, when, and provide all details.
 - b. Has JCG used Constellation for gas supply since the date Constellation filed its proof of claim?
26. Reference Case No. 2012-00140, Alternative Rate Filing Adjustment of Johnson County Gas Co., JCG's Application, copy of the U.S. Bankruptcy Court's Proof of Claim submitted by Bradco Oil Company for the sale of natural gas to JCG in the sum of \$28,883.00, from 2011 through 2012.
- a. Has this debt been paid? If so, when, and provide all details.
 - b. Confirm that Bradco Oil Company is or was an alias for Bradley & Son Oil and Gas, which later became known as B&S Oil and Gas Co. ["B&S"].
 - c. Confirm that Mr. Rife is the principal of B&S.
27. State when JCG first started doing business with Hall, Stephens & Hall.
28. State when Bud Rife acquired his interest in Hall, Stephens & Hall.
29. State when Bud Rife became manager of Hall, Stephens and Hall.
30. State when Bud Rife became owner of JCG.

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31. State whether the promissory note JCG executed in favor of Mr. Rife, included in its application in this case, includes any portion(s) of Mr. Rife's management fee which the Commission excluded in its Final Order entered in Case No. 2012-00140. If not, fully identify what the unpaid sum referenced in that promissory note represents, and when the debt was actually incurred.
- a. Provide date references indicating each date upon which JCG failed to tender the payments to Bud Rife referenced in that promissory note, broken down by the following categories identified in the note:
 - i. Mr. Rife's loans to JCG;
 - ii. Mr. Rife's advanced services to JCG;
 - iii. past due office rent;
 - iv. past due truck rent;
 - v. past due management fees.
 - b. Provide copies of all invoices Mr. Rife sent to JCG for the above-referenced items.
 - c. With regard to the referenced loans Mr. Rife made to JCG, provide all terms of each and every such loan, including but not limited to:
 - i. any and all documents referencing each and every such loan;
 - ii. dates each and every such loan were made and the amounts thereof;
 - iii. dates when JCG's payment(s) were to be made;
 - iv. any applicable interest charged; and
 - v. reason(s) for each loan.
 - d. With regard to the referenced provision of services, provide:
 - i. all dates upon which Mr. Rife provided the services;
 - ii. a description of the nature of the services provided on each occasion such services were provided;
 - iii. copies of all invoices Mr. Rife sent to B&H for the provision of those services;
 - iv. when B&H's payment(s) were to be made;
 - v. any applicable interest charged; and
 - vi. reason(s) for each loan.
 - e. For each date in which JCG failed to tender payment for the items listed above, provide a copy of JCG's ledger for the month in which the failure to tender payment occurred.
 - f. If any of the loans and/or debts for provision of services which Bud Rife provided to JCG were either forgiven or paid by any other affiliated company, provide complete details as to the dates the forgiveness occurred, the amounts, and any and all documentation thereof.
32. Reference the promissory note dated December 28, 2018 that JCG executed in favor of Hall, Stephens & Hall, in the sum of \$82,074.00.

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- a. With regard to the loans referenced in that note which Hall, Stephens & Hall made to JCG, provide all terms of each and every such loan, including but not limited to:
 - i. any and all documents referencing each and every such loan;
 - ii. dates each and every such loan were made and the amounts thereof;
 - iii. dates when JCG's payment(s) were to be made;
 - iv. any applicable interest charged; and
 - v. reason(s) for each loan.
- b. Provide documentation regarding how JCG spent the proceeds of each such loan received from Hall, Stevens & Hall.
- c. With regard to the referenced services Hall, Stevens & Hall provided to JCG, provide:
 - i. all dates upon which Hall, Stevens & Hall provided the services;
 - ii. a description of the nature of the services provided on each occasion such services were provided;
 - iii. copies of all invoices Hall, Stevens & Hall or Mr. Rife sent to JCG for the provision of those services;
 - iv. when JCG's payment(s) were to be made;
 - v. any applicable interest charged; and
 - vi. reason(s) for the provision of such services.
- d. With regard to the referenced sales of natural gas, provide:
 - i. any and all documents referencing each and every such sale, including the price Hall, Stevens & Hall charged at the time of each and every sale;
 - ii. dates each and every such sale was made and the amounts thereof;
 - iii. dates when JCG's payment(s) were to be made; and
 - iv. any applicable interest charged;
 - v. a complete explanation of why Hall, Stevens & Hall failed to initiate any actions to collect the debts arising from JCG's failure to tender payments;
 - vi. a complete explanation of why Hall, Stevens & Hall continued to provide gas even after JCG fell into significant arrears on its payments.
- e. For each instance in which JCG failed to make payment for a gas delivery from Hall, Stephens & Hall, provide the invoice Hall, Stevens & Hall sent to Mr. Rife.
- f. If Hall, Stephens & Hall, which is JCG's affiliate and of which Mr. Rife is the general manager and principal partner, failed to tender any such invoices, then provide:
 - i. copies of all of Hall, Stephens & Hall's journal entries in which that entity recorded the sale of gas to JCG;
 - ii. copies of all of JCG's journal entries in which it recorded the purchase of gas from Hall, Stephens & Hall; and

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- iii. any and all other proof that any such sales were in fact made to JCG.
 - g. Provide all rates Hall, Stephens & Hall charges to JCG.
 - h. Provide a summary of all costs Hall, Stephens & Hall incurs in providing gas to JCG.
33. Reference JCG's 2017 Annual Report, p. 13. Confirm that the report identifies no Advances from Associated Companies.
34. Reference JCG's 2017 Annual Report, p. 29. Of the following expense items, provide the amount for which B&H Gas Co. is responsible:
- a. \$6,312.00 in Office Supplies and Expenses;
 - b. \$3,275.00 in Outside Services Employed;
 - c. \$8,863.00 in Property Insurance;
 - d. \$1,886.00 in Miscellaneous General Expenses;
 - e. \$16,000.00 in Rents (Account 931)
35. Of the amounts identified in subparts (a) – (f), above, provide the sums to which the following entities / individuals have contributed:
- a. B&H;
 - b. Bud Rife Construction Co.;
 - c. Hall, Stephens & Hall;
 - d. B&S;
 - e. Mr. Rife, individually
36. Reference JCG's 2017 Annual Report, p. 36. Confirm that for the year, JCG purchased 7,388 mcf of gas from Hall, Stephens & Hall for a total annual cost of \$44,328.00.
37. State whether JCG is seeking to recover any costs for health insurance premiums it paid on behalf of employees. If so, identify the amount and the number of employees.
38. State whether JCG provides any type or sort of retirement benefits to its employees, and to Mr. Rife. If so, provide complete details including amounts paid for each such benefit over the past five years.
39. Provide all invoices from outside experts, consultants, and legal counsel related to the current rate case, as well as the total amount expended thus far. Provide this information on an ongoing basis.

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40. Provide a list of each JCG salaried employee's job title with yearly salary, overtime if any, percent pay increase for each of the past ten (10) years, and also include all benefits, bonuses, awards, etc.
41. State whether any relative, by blood or marriage, of Mr. Rife holds or will hold any type or sort of position with JCG. If so, identify the person and the name of the position(s) involved.
42. Does JCG maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to Mr. Rife (other than himself)? If so:
 - a. Provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten years.
43. State whether JCG pays for liability insurance on vehicles it leases from Mr. Rife and/or other businesses Mr. Rife owns.
44. Identify all of JCG's gas suppliers for the last three years. State whether all such suppliers are current on their invoicing to JCG. If not, state why not.
45. State the amount of JCG's excess gas cost revenues for each of the last three years.
46. Provide copies of all contracts Hall, Stephens & Hall has with:
 - a. JCG;
 - b. B&H;
 - c. B&S;
 - d. Bud Rife Construction Co.; and
 - e. Any other LDC.
47. Provide copies of all contracts Hall, Stephens & Hall had in effect during the test year in this case with:
 - a. JCG;
 - b. B&H;
 - c. B&S;
 - d. Bud Rife Construction Co.; and
 - e. Any other LDC.

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48. Provide copies of any contracts or agreements Hall, Stephens and Hall has regarding gas gathering.
49. State the last year that Mr. Estill Branham, and/or any of his relatives whether by blood or law, was or were involved in any manner with the operation of JCG.
- a. If Mr. Branham's relatives continue to work for JCG, B&H, Bud Rife Construction Co., B&S, or Hall, Stephens & Hall, identify:
- i. the specific company for which they work;
 - ii. in what capacity they work;
 - iii. the amount of compensation they receive from each such business.
 - iv. identify the specific functions, tasks and duties they perform for each such business.
50. State whether any of the following individuals are involved in any manner with the operation of JCG, B&H, Bud Rife Construction Co., B&S, or Hall, Stephens & Hall. Chas. T. Meade, Joyce A. Meade, Eugene C. Rice, and Mary E. Rice. If so:
- i. the specific company for which they work;
 - ii. in what capacity they work;
 - iii. the amount of compensation they receive from each such business.
 - iv. identify the specific functions, tasks and duties they perform for each such business.
51. Identify JCG's current officers and directors.
- a. Provide the compensation of all types provided to all officers and directors of JCG for the past three years.
52. Provide a list of all debts that JCG reaffirmed in its most recent bankruptcy filing, as well as all debts that were discharged.
- a. Provide copies of all documents referencing the most recent disbursements JCG made under its bankruptcy plan.
53. Identify all customers to whom JCG provides gas service either free of charge, or at reduced rates.