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OCT 2 6 2004

PUBLIC SERVICE COMMISSION

JOHNSON COUNTY GAS CO., INC. P. O. BOX 339 HAROLD, KY 41635

October 22, 2004

Ms. Beth O'Donnell, Executive Director Public Service Commission P. O. Box 615 Frankfort, KY 40602-0615

Dear Ms. O'Donnell:

RE: CASE NO. 2004-00072

In response to your letter dated October 8, 2004, we are sending this information.

#3. The following vendors have these balances as of Dec. 31, 2003: Interstate Natural Gas: \$ 123,623.91, TQ89-11-46-000 \$69,577.46, Property Tax \$43,915, School Tax \$15,764.

#4. A. It is not feasible to hire employees because there is not enough work for a full time person in Johnson County. It is much more feasible to use the management contract.

B. Due to all the increased paperwork on this case, we had to put on temporary secretarial workers to comply with all the demands of answering the Public Service Commission's questions. This has cost us approximately \$2,000.00 during this period. Other increases in costs such as fuel and materials have contributed to our increase in our management contract.

#5. The company Hall, Stephens, and Hall has no bearing on this case. The only thing we do is manage this company. This management is comprised of reading 7 meters monthly, sending a bill to those 7 customers, and mailing royalty checks to owners each month.

If you need further information, please contact this office at (606)789-5481.

Submitted by, Bud Rife

Bud Rife, President Johnson County Gas Company, Inc.

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