

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF B & H GAS)	
COMPANY, AND BUD RIFE, INDIVIDUALLY AND)	CASE NO.
AS AN OFFICER OF B & H GAS COMPANY)	2019-00055
ALLEGED VIOLATION OF KRS 278.300)	

ELECTRONIC INVESTIGATION OF JOHNSON)	
COUNTY GAS COMPANY, INC. AND BUD RIFE,)	CASE NO.
INDIVIDUALLY AND AS AN OFFICER OF)	2019-00056
JOHNSON COUNTY GAS COMPANY, INC.)	
ALLEGED VIOLATION OF KRS 278.300, A)	
COMMISSION ORDER, AND A TARIFF)	

COMMISSION STAFF'S POSTHEARING REQUEST FOR INFORMATION TO B & H
GAS COMPANY, JOHNSON COUNTY GAS COMPANY, INC., AND BUD RIFE

B & H Gas Company (B & H), Johnson County Gas Company, Inc. (Johnson County), and Bud Rife (Mr. Rife), pursuant to 807 KAR 5:001, are to jointly file with the Commission the original and an electronic version of the following information. The information requested herein is due on May 17, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the

preparer or the 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.

B & H, Johnson County, and Mr. Rife shall make timely amendment to any prior response if they obtain information that indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which B & H, Johnson County, and Mr. Rife fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, B & H, Johnson County, and Mr. Rife shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Mr. Rife's testimony at the April 24, 2019 hearing (Hearing) regarding a recent filing in Johnson County's Chapter 11 proceeding in United States Bankruptcy Court, Eastern District of Kentucky (Pikeville), Case No. 11-70410. Provide a copy of all documents filed in that proceeding in 2019.

2. Refer to the Hearing, Johnson County Exhibit 1, labeled, "JCG Gas Supply and Payments." Provide a schedule with a break out of costs per thousand cubic feet

(Mcf) by component for each gas supplier listed on the document, Hall Stephens & Hall Gas Company (Hall Stephens & Hall), Bradco Oil Co. (Bradco), and EQT Gathering, LLC (EQT). The components should include, but are not limited to, transportation costs, cost of purchased gas, adjustment for heat content, and supplier refund adjustment.

3. Refer to Johnson County and Mr. Rife's response to Commission Staff's First Request for Information (Staff's First Request), Item 9, and Exhibit 6, which consists of gas supply contracts between Johnson County and two gas suppliers, Hall Stephens & Hall and Bradco. Also, refer to Mr. Rife's Hearing testimony in support of Johnson County, Exhibit 1, that Johnson County had a gas supply contract with EQT.

a. Provide a copy of Johnson County's gas supply contract with EQT.

b. If Johnson County does not have a gas supply contract with EQT, state whether Johnson County purchases gas from EQT at market rates.

4. State whether B & H, Johnson County, or Bud Rife made any payments on the nine promissory notes at issue in these proceedings. If payments were made, provide a schedule of the amount paid, payee, and payor.

5. Provide a schedule of the reported income for Hall Stephens & Hall for 2015, 2016, 2017, and 2018, and provide copies of Hall Stephens & Hall's federal and state tax returns for 2015, 2016, 2017, and 2018.

6. Provide a schedule with Mr. Rife's share of Hall Stephens & Hall's income for 2015, 2016, 2017, and 2018. Also, provide copies of Mr. Rife's Schedule K-1 for 2015, 2016, 2017, and 2018, and any other documents that evidence Mr. Rife's share of Hall Stephens & Hall's income for 2015, 2016, 2017, and 2018.

7. Refer to Mr. Rife's Hearing testimony that Bud Rife Construction, Inc. (Rife Construction), charges other customers the same rates for labor and equipment that it charges Johnson County and B & H. Provide copies of invoices or other documents that evidence the rates Rife Construction charges customers other than Johnson County and B & H. The documents should include amounts billed for at least three other commercial customers.

8. Refer to Mr. Rife's Hearing testimony regarding third parties that transport natural gas from wells in Knox County, Kentucky, to Johnson County. Provide a schedule of the transportation costs that Columbia Gas of Kentucky, Inc., and EQT charged to Johnson County and to B & H in the past three years.

9. Provide copies of invoices or other documents that evidence that Darrell Madden, CPA, prepared the 2017 annual reports filed with the Commission for Johnson County and for B & H.

10. Refer to Mr. Rife's Hearing testimony regarding a report prepared by Redd, Brown & Williams on behalf of First Commonwealth Bank that documents market rental rates and supports the amount of office rent Mr. Rife charges to Johnson County and B & H. Provide a copy of the report that was the subject of Mr. Rife's testimony.

11. Refer to Hearing Exhibit B & H 1, B & H's statement of income for 2017, which reflects that B & H sold 13,828 Mcf in 2017. Also refer to Hearing Exhibit B & H 4, B & H's gas purchases in 2017, which reflects that B & H purchased 13,828 Mcf of gas from B & H Oil in 2017 and 564 Mcf of gas from EQT, for a total 14,392 Mcf of gas that Johnson County purchased in 2017. The 564 Mcf of gas purchased from EQT are not reflected on B & H's statement of income as sales.

a. Reconcile the discrepancy between the 13,828 Mcf amount on Exhibit B & H 1 and the 14,392 amount on Exhibit B & H 2.

b. Explain where the 564 Mcf of gas purchased from EQT is recorded on Exhibit B & H 1.

12. Refer to Hearing Exhibit B & H 5, which reflects that B & H recorded a gas supply expense of \$109,658.00 and owed \$86,556.49 to B & S Oil Company (B & S Oil) in 2017. Also, refer to B & H's response to Staff's First Request, Exhibit 3(a-e), page 56 of 60, which reflects that B & H recorded a gas supply expense of \$113,928.00 and owed B & S Oil \$90,799.49 in 2017. Reconcile the discrepancy between the two documents regarding the 2017 gas supply expense and amount owed to B & S Oil.



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DATED APR 26 2019

cc: Parties of Record

Case No. 2019-00055
Case No. 2019-00056

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