

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Investigation of Johnson County Gas)	
Company, Inc. and Bud Rife, Individually and as an)	Case No. 2019-00056
Officer of Johnson County Gas Company, Inc.)	
Alleged Violation of KRS 278.300 and its Tariff)	

RESPONSE TO COMMISSION STAFF’S FIRST DATA REQUESTS

Comes Johnson County Gas Company, Inc., and Bud Rife, Individually and as an Officer of Johnson County Gas Company, Inc. (“Respondents”), by counsel, and for their Response to the Commission Staff’s First Data Requests respectfully state as follows:

Due to Mr. Rife’s health issues, previously described in the response filed by Respondents on March 21, 2019, Mr. Rife’s ability to participate in responding to the staff’s first data requests has been extremely limited. In his absence, Robert Newsome, an employee, has with some limited assistance from Mr. Rife, attempted to secure the information necessary to respond best as Respondents are able to the staff’s first data requests, and these responses reflect such limitations. They will be timely updated once Mr. Rife has returned to his duties full time.

Data requests Nos. 1-3, each with multiple subparts, all relate to a series of promissory notes which were attached to the ARF petition filed in Case No. 2018-434. Those promissory notes have since been revoked and are null and void. Accordingly, Respondents object to data requests Nos. 1-3, including their various subparts, as being irrelevant and not likely to lead to admissible evidence in this proceeding. Without waiving said objection, Respondents offer the

following:

1. Concerning the now revoked promissory note from Johnson County Gas Company (“JCG”) to Bud Rife (“Rife”), dated December 28, 2018:
 - a. At the end of 2018, JCG owed Rife \$47,700, consisting of unpaid office rent incurred after the date of filing JCG’s Chapter 11 bankruptcy petition (6/27/2011) in the amount of \$10,000; unpaid truck rent in the amount of \$7,200; and unpaid management fees in the amount of \$30,500. See documents attached hereto as Exhibit 1, consisting of invoices and cancelled checks showing the unpaid balances. By the end of calendar year 2015, JCG had paid Rife in full all that was owed. There was no office rent payable in the latter portion of 2015-August, 2016, due to a fire which destroyed the office. This building was rebuilt by Rife and JCG moved back in August, 2016;
 - b. See documents attached hereto as Exhibit 1;
 - c. See response to subpart 1(a) above;
 - d. See documents attached hereto as Exhibit 1;
 - e. See documents attached hereto as Exhibit 1;
 - f. This term was chosen as the amortization term in order to reduce the amount of the payments, as to not place an undue burden on the ratepayers, and in order to keep rates as low as possible;
 - g. Some payments have been made on the past due amounts, and other more recent invoices have not been paid, resulting in a rolling balance due (interest free) on said unpaid balances. See documents attached hereto as Exhibit 1;

- h. There were no proceeds from the promissory note since the notes were intended to cover past due invoices for office lease, truck lease, and management fees;
 - i. There were no proceeds from the promissory note since the notes were intended to cover past due invoices for office lease, truck lease, and management fees. There were no late charges;
 - j. See response to subpart 1(a) above. See documents attached hereto as Exhibit 1;
 - k. There were no proceeds from the promissory note since the notes were intended to cover past due invoices for office lease, truck lease, and management fees;
 - l. There were no assets associated with the promissory note; however see ledgers attached as Exhibit 2;
 - m. No collateral secures the promissory note.
2. Concerning the now revoked promissory note from Johnson County Gas Company (“JCG”) to Bud Rife Construction Company (“Construction”), dated December 28, 2018:
- a. At the end of 2018, JCG owed Construction \$15,198, consisting of unpaid invoices for services rendered by Construction to JCG between 2015 and the end of 2018;
 - b. See documents attached hereto as Exhibit 3;
 - c. See response to subpart 2(a) above;
 - d. See documents attached hereto as Exhibit 3;
 - e. See documents attached hereto as Exhibit 3;
 - f. This term was chosen as the amortization term in order to reduce the amount of the payments, as to not place an undue burden on the ratepayers, and in order to keep rates as low as possible;

- g. Some payments have been made on the past due amounts, and other more recent invoices have not been paid, resulting in a rolling balance due (interest free) on said unpaid balances. See documents attached hereto as Exhibit 3;
 - h. There were no proceeds from the promissory note since the notes were intended to cover past due invoices for services rendered;
 - i. There were no proceeds from the promissory note since the notes were intended to cover past due invoices for services rendered. There were no late charges;
 - j. The invoices were for services performed by Construction pursuant to the contract between JCG and Construction related to plant operational work, line locates, and service of mains and subscriber equipment (meters and regulators);
 - k. See documents attached hereto as Exhibit 3;
 - l. See documents attached hereto as Exhibit 2;
 - m. No collateral secures the promissory note.
3. Concerning the now revoked promissory note from Johnson County Gas Company (“JCG”) to Hall, Stephens & Hall Gas Company (“HSH”), dated December 28, 2018:
- a. At the end of 2018, JCG owed HSH \$82,074, consisting of unpaid invoices for natural gas delivered by HSH to JCG between 2015 and the end of 2018;
 - b. See documents attached hereto as Exhibit 4;
 - c. See response to subpart 3(a) above;
 - d. See documents attached hereto as Exhibit 4;
 - e. Yes;
 - f. See documents attached hereto as Exhibit 4;
 - g. See documents attached hereto as Exhibit 4;

- h. See documents attached hereto as Exhibit 4;
 - i. This term was chosen as the amortization term in order to reduce the amount of the payments, as to not place an undue burden on the ratepayers, and in order to keep rates as low as possible;
 - j. Some payments have been made on the past due amounts, and other more recent invoices have not been paid, resulting in a rolling balance due (interest free) on said unpaid balances. See documents attached hereto as Exhibit 4;
 - k. No;
 - l. No. No late charges;
 - m. No;
 - n. None;
 - o. See documents attached hereto as Exhibit 2;
 - p. No collateral secures the promissory note.
4. The application in Case No. 2018-434 should have stated that Johnson County has been operating under a Chapter 11 Bankruptcy at a loss for several years.
- a. *In Re: Johnson County Gas Company, Inc.*, Case No. 11-70410. See documents attached as Exhibit 5.
 - b. See documents attached hereto as Exhibit 5;
 - c. See answer to number 4 above.
5. Yes, there have been no changes to contracts since July 1, 2013 so as to avoid changes while in Chapter 11 bankruptcy.
6. JCG is in the process of gathering this information and this response will be supplemented as soon as possible.

7. JCG is in the process of gathering this information and this response will be supplemented as soon as possible.
8. JCG was unsure if changes could be made to its quarterly gas costs during the pendency of the bankruptcy proceeding, so it did not file its quarterly gas cost adjustments.
9. See documents attached hereto as Exhibit 6.
10. Yes, JCG attempts to get set prices so customers can budget their gas costs. See documents attached hereto as Exhibit 6.
11. Hall, Stephens & Hall Gas Company (Routes 3, 4, 5, 6, 7, 8); Bradco Oil Company (Routes 1, 2); and EQT Production Company, only if extra gas is needed.

Dated this 27th day of March, 2019.

Respectfully submitted,



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VERIFICATION

I hereby verify that each answer and response given to the Staff's First Data Requests is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

BUD RIFE, PRESIDENT

CERTIFICATE OF SERVICE

This is to certify that the foregoing copy of the foregoing responses to staff's first data requests is a true and accurate copy of the document being filed in paper medium; the electronic filing was transmitted to the Commission on March 27, 2019; there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and the filing in paper medium is being delivered to the Commission via U.S. mail.



JOE F. CHILDERS