

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

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

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**RESPONSE TO INITIAL ORDER INITIATING INVESTIGATION**

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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 Initial Order Initiating Investigation, respectfully state as follows:

Attached to this Response as **Exhibit A** are three documents, each of which is entitled “Revocation of Promissory Note.” These documents have been executed by Mr. Rife, acting on behalf of himself, Bud Rife Construction Company, and Hall, Stephens & Hall Gas Company. Each of the notes revokes the promissory notes in question in this case, which the Commission found to be *prima facie* evidence of a violation of KRS 278.300. It is the intent of Respondents to seek Commission approval, pursuant to KRS 278.300, prior to entering into any further instruments of indebtedness the terms of which exceed two years. Accordingly, Respondents respectfully request that the Commission dismiss this portion of the investigation without sanctions being assessed.

As to the Gas Cost Adjustment (GCA) matter which formed the second prong of the Commission’s order initiating this investigation, Respondents state as follows:

1. The Gas Cost Recovery Rates have not changed from the rate approved by the Commission in Case No. 2012-140, in the amount of \$6.4140, which includes approximately \$1.75 in transportation costs paid by the gas supplier, Hall, Stephens, & Hall Gas Company, and reimbursed by Johnson County Gas Company;
2. Johnson County Gas Company continues to struggle from the after effects of two tragic fires that consumed the company's offices in December, 2015 and January, 2016. These fires destroyed most of the company's records;
3. Nevertheless, Johnson County Gas Company has been negligent in failing to file its quarterly gas cost recovery rates with the Commission, but respectfully implores the Commission to consider its financial state in deciding whether to impose monetary sanctions on the Company;
4. Respondents respectfully request an informal conference with Commission staff to discuss its GCA filings and appease the Commission to the best of its ability.

Dated this 21<sup>st</sup> day of March, 2019.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

This is to certify that the foregoing copy of the Response to Initial Order Initiating Investigation is a true and accurate copy of the document being filed in paper medium; the electronic filing was transmitted to the Commission on March 21, 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.



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JOE F. CHILDERS