

# Richardsville Gas Company, Inc.

P.O. Box 9675; 110 East Campbell Lane, Bowling Green, KY 42102

270-842-9427

March 3, 2009

2009-00123

RECEIVED

Stephanie Stumbo  
Executive Director  
KY Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

MAR 24 2009

PUBLIC SERVICE  
COMMISSION

**RE:** Application for an Adjustment in Rates Pursuant to  
the Alternative Rate Filing Procedure for Small Utilities

This is an application to request Commission approval for an increase in Richardsville Gas Company, Inc.'s rate pursuant to the Alternative Rate Filing Procedure for Small Utilities. Richardsville is also requesting that its tariffs be changed to reflect a purchased gas adjustment clause. Attached is the completed "ARF Application" and the revised tariffs.

The Company has mailed written notice of the proposed rate change and the estimated amount of increase per customer class to each customer. A copy of the customer notification letter and affidavit from the Company's Owner verifying that the notice has been mailed to each customer is enclosed.

A copy of this application and related filings has been sent to the Office of the Attorney General, State Capitol Building, Suite 119, Frankfort, KY 40601.

Sincerely,



P Glenn Miller, President  
Richardsville Gas Company, Inc.

Enclosure

**RICHARDSVILLE GAS COMPANY, INC,**

P. O. Box 9675; 110 East Campbell Lane; Bowling Green, KY 42102

270-842-9427

March 3, 2009

Stephanie Stumbo  
Executive Director  
KY Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

**RE:** Additional expenses we will incur. Response to question from page 2.

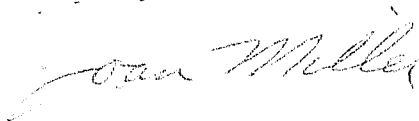
We currently have 20 meters and regulators that will have to be replaced this year. Inspector Joel Grugin noted them in his inspection. We have priced this equipment from Holland Supply Company, 8225 Green Meadow Drive N, Lewis Center, OH 34035. The meters will cost \$80.79 each and the regulators are \$54.04 each. The total equipment cost is \$2,696.60. It will take a minimum of 30 to 45 minutes to install each of these at an hourly rate of \$80.00. There are no taxes that apply however the estimated freight would be between \$150. and \$175. The total expected expense would be \$4,071.60

Another expense is created when we have extremely cold weather. When the outside temperature gets around 18 to 20 degrees and stays a day or two the pressure from the natural gas wells supplying our customers drop. When the pressure drops below 6 psi we have to operate a peak shaving plant. This plant mixes propane and air with the natural gas to keep the supply to customers at an adequate pressure and volume to operate their heating systems.

This current heating season has to date used 2,515.4 gallons of propane at a cost of \$3,697.35.

Your consideration in this matter will be appreciated. If you have additional questions please feel free to contact me at 270-842-9427 or 270-792-2332 (cell)

Sincerely,



Joan Miller

APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities  
Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

**Richardsville Gas Company, Inc.**

Name of Utility

**P.O. Box 9675; 110 East Campbell Lane**

**Bowling Green, KY 42102**

Business Mailing Address

Telephone Number 270 / 842 - 9427  
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Joan Miller,

Address: P.O. Box 9675; 110 East Campbell Lane

Bowling Green, KY 42102

Telephone Number: 270 - 842 - 9427

- |  |                                     |    |
|--|-------------------------------------|----|
| 1) Do you have 500 customers or fewer?   | <input checked="" type="checkbox"/> | No |
| 2) Do you have \$300,000 in Gross Annual Revenue or less?  | <input checked="" type="checkbox"/> | No |
| 3) Has the Utility filed an annual report with this Commission for the past year and the two previous years? | <input checked="" type="checkbox"/> | No |
| 4) Are the utility's records kept separate from any other commonly-owned enterprise?                         | <input checked="" type="checkbox"/> | No |

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

# Richardsville Gas Company, Inc.

110 E. Campbell Lane, P.O. Box 9675, Bowling Green, KY 42102

270-842-9427

February 6, 2009

## NOTICE

Notice is hereby given that the Richardsville Gas Company, Inc. seeks approval by the Public Service Commission, Frankfort, Kentucky, for an adjustment of its base gas rates and its purchased gas rate. The increase in the base gas rates will result in an additional \$3,060. on an annual basis and will approximate a percentage increase of 43.6 percent. The increase in the purchased gas rate will result in an additional \$5,572. of revenue and will approximate a percentage increase in gas costs of 150 percent.

The estimated amount of increase per customer class/meter size is:

Meter Size	\$ Increase	% Increase
Base Gas Rate-All Customer Classes	\$3,060.	100.00%
Purchased Gas Rate-All Customer Classes	\$5,572.	100.00%

The comparison of the present and proposed rates of the Richardsville Gas Company, Inc. is as follows:

### RATE SCHEDULE COMPARISON

	EXISTING RATES	PROPOSED RATES
<b>Base Rates</b>		
First 2 Mcf	\$4.00	\$5.65
Over 2Mcf	1.50	2.32
<b>Gas Cost</b>		
Per Mcf	1.00	\$2.50

### IMPACT ON AVERAGE CUSTOMER BILL

	Existing	Proposed	Percentage Increase
<b>All Meter Sizes</b>			
Base Gas Rate			
5.73 Mcf Avg.Usage	\$ 9.60	\$ 14.30	48.96%
Purchased Gas Rate			
5.78 Mcf Avg.Usage	5.73	14.33	150.00%

The base gas and the gas rates contained in this notice are the rates proposed by the Richardsville Gas Company, Inc.; however, the Public Service Commission may order gas rates to be charged that differ from the proposed gas rates contained in this notice.

**Notice is further given that any corporation, association, or person with a substantial interest in the matter may, by written request within thirty (30) day period after the publication of this notice, request to intervene in the matter before the Public Service Commission at its address shown below. Any person who has been granted intervention by the Commission may obtain copies, free of charge, of the application and testimony by contacting Richardsville Gas Company, Inc. at the address below. Any person may examine the rate application and any other filings made by Richardsville Gas Company, Inc. at its office or at the Public Service Commission at the addresses below.**

**Richardsville Gas Company, Inc.  
110 East Campbell Lane  
Bowling Green, Kentucky 42102  
Telephone: 270-842-9427**

**Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601  
Telephone 502-564-3940**

RICHARDSVILLE GAS CO., INC

P. O. Box 9675, 110 E. Campbell Lane, Bowling Green, KY.42102

270-842-9427

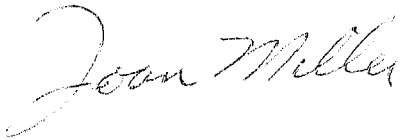
March 11, 2009

RE: Letters sent to Richardsville Gas Co., Inc. customers

On February 6, 2009 we sent notification by letter to all our customers explaining per your form the rate increase for which we are applying. A copy of the letter is included in the application form and I have attached a list of the customers. No letter was returned undeliverable.

Our only response from customers was when is this going to take place and how much would my bill be this month if it were in effect.

Sincerely,



Joan Miller

Attesting Carol Lorraine Danow

Subscribed and sworn before me this 11 day of March 2009.

My commission expires: 3-22-11

## II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, **2007**.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

Account Titles	2007	Pro Forma Adjustments	Adj. Ref.	Pro Forma Operations
Operating Revenues:				
Total Gas Service Revenues	\$ 10,732	\$ (3,715)	(a)	\$ 7,017
Other Operating Revenues:				
Other Operating Revenues	472	-		472
Total Gas Operating Revenues	<u>\$ 11,204</u>	<u>\$ (3,715)</u>		<u>\$ 7,489</u>
Operating Expenses:				
Other Gas Supply Exp:				
Purchased Gas Expense	\$ 3,715	\$ (3,715)	(a)	\$ -
Administrative & General Exp:				
Administrative & General Salaries	0	3,600	(b)	3,600
Office Supply & Exp.	363	(91)	(c)	272
Outside Services Employed	1,785	0		1,785
Misc. General Exp.	1,063	0		1,063
Total Gas Operation & Maint Exp.	\$ 6,926	\$ (206)		\$ 6,720
Depreciation	1,107	0		1,107
Taxes Other Than Income Tax	843	0		843
Total Gas Operating Expenses	<u>\$ 8,876</u>	<u>\$ (206)</u>		<u>\$ 8,670</u>
Net Operating Income	\$ 2,328	\$ (3,509)		\$ (1,181)
Other Income:				
Miscellaneous Non-operating Income	1,208	-		1,208
Other Deductions:				
Interest Long-Term Debt	1,623	-		1,623
Net Income	<u>\$ 1,913</u>	<u>\$ (3,509)</u>		<u>\$ (1,596)</u>

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

**(a) Billing Analysis**

Purchased gas costs are recovered through the purchased gas adjustment; those costs are excluded when determining base rate revenue.

	Test Year 2007	Adjustment	Per Staff
Residential Base Rates Revenue	\$ 7,017.00	\$ -	\$ 7,017.00
GCA Revenue	3,715.00	(3,715.00)	0.00
Total Gas Sales	\$ 10,732.00	\$ (3,715.00)	\$ 7,017.00
Misc. Service Revenues	\$ 472.00	\$ 0.00	\$ 472.00
Total Operating Revenues	\$ 11,204.00	\$ (3,715.00)	\$ 7,489.00
Natural Gas Purchases	\$ 3,715.00	\$ (3,715.00)	\$ -
Transmission Fee	0.00	0	0.00
	\$ 3,715.00	\$ (3,715.00)	\$ -

**(b) Administrative Salaries:**

Richardsville is requesting that an Owner/Manager fee of \$3,600 be included in its test period operations. This fee represents the owner's compensation for her management services and to cover the office overhead costs (i.e. rent, telephone, etc.)

Owner/Manager Fee	\$ 3,600
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**(c) Outside Services:**

Non-utility related costs have been removed from test-period operations.

Entertainment/Meals	\$ (91)
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- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class: **The below rates are applicable to all customer classes.**

Customer Class	Existing Rates	Proposed Rates	Proposed Increase	
			Amount	%
<u>Base Rates</u>				
First 2 Mcf per Month (Min. Bill)	\$ 4.00	\$ 5.65	\$ 1.65	41.25%
Over 2 Mcf per Month	\$ 1.50	\$ 2.32	\$ 0.82	54.67%
<u>Gas Cost</u>				
Per Mcf	\$ 1.00	\$ 2.50	\$ 1.50	150.00%



III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

**The rates are being adjusted to recover the increases in operating expenses that have occurred since Richardsville's last increase in its base rates and to revise the tariffs to reflect a purchased gas adjustment clause.**

2) Total number of Customers as of the date of filing: Residential 47;  
Commercial/Industrial 7;

3) Total amount of increased revenue requested: \$ 3,060 Exhibit A

4) Please circle Yes or No:

- a) Does the utility have any outstanding indebtedness?  Yes  No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

- b) Were all revenues and expenses listed in the Annual Report for 2006 incurred and collected from January 1 to December 31 of that year?  Yes  No

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for **2007** and the amount shown on this schedule.

**A copy of the 2007 depreciation schedule is attached to the Application.**

- 6) If utility is a sewer utility:
- a) Attach a copy of the latest State and Federal Income Tax Returns. **Copies of the Income Tax Returns are attached.**
  - b) How much of the utility plant was recovered through the sale of lots or other contributions N/A \$ or %? (If unknown, state the reason).

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

**The operating expenses have increased since the last rate case. For Richardsville to be able to provide adequate service to its ratepayers the requested increase in the base rates is required.**

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

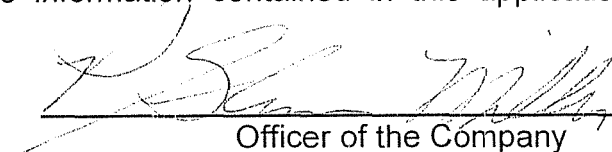
Public Service Litigation Branch  
Office of the Attorney General  
Post Office Box 2000  
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

  
\_\_\_\_\_  
Officer of the Company

Title

**President**

Date

3-11-09

<b>Usage Table</b>	<b>Test Period</b>	<b>1/01/2008 to 12/31/2008</b>				
	<b>Bills</b>	<b>MCF</b>				
First 2 MCF (minumum)	530	861.08				
Over first 2 mcf	337	5014.7				
<b>TOTALS</b>	867	5875.78				
<b>Revenue Table</b>	<b>Bills</b>	<b>MCF</b>	<b>Existing Rate</b>		<b>Rate Proposed</b>	
First 2 MCF/Minumum	867	861.08	\$4.00	\$3444.32	\$5.65	\$4865.10
Over 2 MCF		5014.7	\$1.50	\$7522.05	\$2.32	\$11634.10
Gas Cost		5875.78	\$1.00	\$5875.78	\$2.50	\$14689.45
<b>TOTALS</b>			\$	16,842.15	\$	31,188.65

EXHIBIT A  
Determination of Revenue  
Requirement

**Determination of Revenue Requirement**

Operating Expenses to be recovered in Base Rates	\$	8,670
Divide by: Operating Ratio	÷	88%
Revenue to Cover Operating Ratio	\$	9,852
Add: Interest on Long-Term Debt		1,623
Other Income and Deductions		0
Income Taxes on Net Operating Income	+	282
Total Revenue Requirement - Base Rates and Customer Charges	\$	11,757
Less: Other Operating Revenues		472
Non Operating Revenues	-	1,208
Revenue Requirement Base Rates	\$	10,077
Add: Operating Revenues Base Rates	-	7,017
Total Revenue Increase Base Rates	\$	3,060

**Determination of Income Tax Expense**

Revenue to Cover Operating Ratio	\$	9,852
Less: Operating Expenses	-	8,670
Net Operating Income	\$	1,182
Multiplied by: Gross-up Factor	x	1.23839009
Net Operating Income Before Income Taxes	\$	1,464
Less: Net Operating Income	-	1,182
Income Tax Expense	\$	282

**Determination of Gross-up Factor**

	Rates	Factors
Operating Revenue		100.00000%
Less:		
General Liability Insurance @	0.00000%	0.00000%
PSC Fee	0.00000%	0.00000%
Taxable Income		100.00000%
Less: State Income Taxes @	5.00%	5.00000%
Taxable Income - Federal		95.00000%
Less: Federal Income Taxes @	15.00%	14.25000%
Gross-Up Factor - Division		80.75000%
Gross-Up Factor - Multiplication		1.23839009

FOR Richardsville, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

Original SHEET NO. 4

Richardsville Gas Company

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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RULES AND REGULATIONS

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GAS COST ADJUSTMENT CLAUSE

Determination of GCA

The rates authorized herein are based upon the wholesale cost of gas. An increase in rates shall not be effective with less than 30 days notice unless a waiver is requested and granted. In the event there is an increase or decrease in wholesale gas cost, Richardsville Gas shall file with this Commission the following information within 30 days:

1. A copy of the contract or wholesale supplier notification effecting the change in rate and a statement relative to the effective date of such proposed change.
2. A statement setting out gas sales for the most recent 12 months.
3. A statement setting out the details of gas purchased for the most recent 12 months showing billing from the supplier(s) under the proposed rate(s).

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

---

FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

\_\_\_\_\_  
(Name of Utility)

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RULES & REGS

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4. Such other information as this Commission may request for a proper determination of the purchased gas adjustment.
  
5. A signed and dated tariff sheet showing Richardville's proposed rates for service based on the change in supplier rate. An increase in rates shall not be effective with less than 30 days notice unless a waiver is requested and granted.

---

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

12/31/07

2007 FEDERAL DEPRECIATION SCHEDULE

PAGE 1

CLIENT 18558

RICHARDSVILLE GAS COMPANY, INC.

5/30/08

11:08AM

NO.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	BUS. PCT.	CUR 179 BONUS	SPECIAL DEPR. ALLOW	PRIOR 179/ BONUS/ SP. DEPR.	PRIOR DEC. BAL DEPR.	SALVAG /BASIS REDUCT.	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
FORM 1120																
MACHINERY AND EQUIPMENT																
1	UNKNOWN ASSETS	6/30/84		7,325							7,325	7,325	PRE	5		0
2	METERS	2/01/84		1,211							1,211	1,211	PRE	5		0
3	METERS	8/01/86		1,200							1,200	1,200	200DB HY	7		0
4	GAS WELL	3/01/90		5,000							5,000	5,000	200DB HY	7		0
5	ODORATOR	1/01/03		2,108							2,108	2,108	200DB HY	7	.08930	0
6	METERS	3/01/03		254							254	254	200DB HY	7	.08930	0
7	CAPITAL REPAIRS	3/01/04		8,860							8,860	4,986	200DB HY	7	.12490	1,107
TOTAL MACHINERY AND EQUIPME				25,958		0	0	0	0	0	25,958	22,084				1,107
MISCELLANEOUS																
8	TANKS AND REGULATORS	10/01/94		743							743	743	200DB HY	7		0
9	TANKS AND REGULATORS	3/01/98		998							998	998	200DB HY	7		0
TOTAL MISCELLANEOUS				1,741		0	0	0	0	0	1,741	1,741				0
TOTAL DEPRECIATION				27,699		0	0	0	0	0	27,699	23,825				1,107
GRAND TOTAL DEPRECIATION				27,699		0	0	0	0	0	27,699	23,825				1,107

CC \* TT

1000-101-017

1000-101-017

70



Richardsville Gas Company, Inc.  
Customer & Job List  
March 12, 2009

Customer

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Beals, Leslie  
Berry, Wes  
Bowles, Tonia  
Cardwell, Leonard  
Cherry, Jimmy  
Cline, Robert  
Davidson, Heather  
Duncan, Bridgett & Maxie Napier  
Duvall, Shawn  
Elkin, Billy  
Forrester, Bobby  
Glass, Gary  
Glenn, Mike  
Glenn, Mike R. H.  
Hoagland, Carrol  
Hood, Cary  
Idol, Guy  
Jones Auto Sale #2  
Jones Auto Sales  
Jones Auto Sales #3  
Jones, Randall  
Kinnarney, Bruce  
Lloyd, Ricky  
Loudin, Anita  
Mcadoo, Jeffery  
McCormack, Phillip  
Menke, Eugene  
O'Toole, William  
Richardsville Church of Christ  
Richardsville Co. House  
Richardsville Community Center  
Richardsville Market  
Richardsville United Methodist Church  
Rockey, Mary  
Ross, John  
Runner, Bessie  
Sanford 111, Ernest  
Shand, Charles & Donna  
Simpson, Glendell  
Spinks, Steve & Linda  
Spinks, Audrey  
Steele, Bill  
Steele, Buddy  
Stringfield, Ina

2:48 PM  
03/12/09

Richardsville Gas Company, Inc.  
Customer & Job List  
March 12, 2009

Customer

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Twidwell, Christopher  
Upton, John  
Vincent, Bryan  
White, James L.  
Williams, Eric  
Willis, Eldon  
Willis, Joe L  
Willis, Melissa  
Young, Sharon

Copy 2007

Amended 8/23/2005

## Class C and D Gas Utility

ANNUAL REPORT

OF

Richardsville Gas Co. Inc

Exact Legal Name of Reporting Utility

P.O. Box 9675 ; 110 E. Campbell Lane  
Bowling Green, KY 42102  
(Address of utility)

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2007

PUBLIC SERVICE COMMISSION OF KENTUCKY  
PRINCIPAL PAYMENT AND INTEREST INFORMATION  
FOR THE YEAR ENDING DECEMBER 31, 2007

1. Amount of Principal Payment during calendar year \$ 2,012.67
2. Is Principal current? (Yes)  (No) \_\_\_\_\_
3. Is Interest current? (Yes)  (No) \_\_\_\_\_
4. Has all long-term debt been approved by the Public Service Commission?  
Yes \_\_\_\_\_ No \_\_\_\_\_ PSC Case Number \_\_\_\_\_

SERVICES PERFORMED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?  
(Yes) \_\_\_\_\_ (No)

If yes, which service was performed?

Audit \_\_\_\_\_  
Compilation \_\_\_\_\_  
Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

Page 1 of 2  
AUDIT OF THE ANNUAL REPORT  
GAS COMPANIES

<u>Page No.</u>	<u>Line No.</u>		<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
1	3	agrees with	3	12	✓		
1	4	agrees with	3	15	✓		
1	5	agrees with	3	16	✓		
2	2 & 3	agrees with	6	Capital Stock (f)	✓		
2	8	agrees with	8	Account 216 Balance End of Year (b)	✓		
2	16	agrees with	7	Long Term Debt Total (d)	✓		
2	24	agrees with	7	Notes Payable Total (e)	✓		
2	30	agrees with	7	Interest Accrued Total (e)	✓		
2	31	agrees with	8	Misc. Current and Accrued Liabilities	✓		
3	1	agrees with	5	39(f)	✓		
3	15	agrees with	3	34	✓		
3	15	agrees with	6	25	✓		
9	5	agrees with	13	(f)	✓		
9	15	agrees with	11	26	✓		
9	17	agrees with	12	Total Amortization Expense	✓		
9	18	agrees with	12	Account 408.1	✓		
9	19	agrees with	12	Total Income Taxes - Utility Operating Income	✓		
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)	✓		FILLED IN PAGE 7 COLUMN (c)

Page 2 of 2  
AUDIT OF THE ANNUAL REPORT  
GAS COMPANIES

<u>Page No.</u>	<u>Line No.</u>		<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
9	32	agrees with	7	Interest Accrued Other (c)	✓		
9	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	✓		
9	37	agrees with	12	Account 408,2	✓		<i>SEE PAGE 12</i>
9	39	agrees with	8	Balance Transferred From Income (433)	✓		
10	5	agrees with	14	(j)	✓		
10	6	agrees with	14	(j)	✓		
14	(i)	agrees with	15	3 & 4 (b)	✓		
15	9	agrees with	15	20	✓		
15	11	agrees with	9	6(c)	✓		
Principal Payment Page has been completed							
Oath Page has been completed							

Copy

2007

GENERAL INFORMATION

- Give the location, including street & number and telephone number, including the area code, of the principal office in Kentucky.  
110 E Campbell Lane, Bowling Green, KY 42101  
270-842-9427
- Name, title, address and telephone number, including area code, of the Person to be contacted concerning this report.  
Joan Miller - 270-842-9427  
110 E Campbell Lane Bowling Green, KY 42101  
P.O. Box 9675 Bowling Green, KY 42102
- Name and title of officer having custody of the books of account, address of office and telephone number, including area code, where the books of account are kept.  
P. Glenn Miller 270-842-9427  
110 E. Campbell Lane  
Bowling Green, KY 42101
- Name of State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law.  
Kentucky 1977
- If the respondent controls or is controlled by any other corporation, business trust, or similar organization, give a concise explanation of the manner and extent of control.  


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- Give the names and addresses of the ten major stockholders of the respondent and the voting powers of each at the end of the year.  
P. Glenn Miller President - only stockholder
- Give the number of employees: Full-time \_\_\_\_\_ Part-time: \_\_\_\_\_
- Name of City, Town, Community and County in which you furnish gas service and the number of customers in each.  
Richardsville, KY Warren County

PRINCIPAL OFFICERS

Line No.	Title	Name of Officer or Director	Principal Business Address	Annual Salary And/or Fee
1	President	P. Glenn Miller	110 E. Campbell Lane	- 0 -
2				
3				
4				
5				
6				
7				
8				
9				
10				

1  
BALANCE SHEET

Line No.	ASSETS AND OTHER DEBITS	Balance First of Year	Balance Last of Year
1	<b>UTILITY PLANT</b>		
2			
3	Utility Plant (101-107,114,116)	27,698.36	27,698.36
4	Less: Accum. Prov. for Depr., Depletion, and Amortization (108,111)	23,824.56	24,931.56
5	Net Utility Plant	3,873.80	2,766.80
6			
7	<b>OTHER PROPERTY AND INVESTMENTS</b>		
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)	30,000. <sup>00</sup>	30,000.00
10	Other Special Funds (128)		
11			
12	Total Other Property and Investments	30,000. <sup>00</sup>	30,000.00
13			
14	<b>CURRENT AND ACCRUED ASSETS</b>		
15	Cash (131)	1,294.49	590.14
16	Temporary Cash Investments (136)		
17	Notes Receivable (141)		
18	Customer Accounts Receivable (142)	403.62	1,059.42
19	Other Accounts Receivable (143)	10,740. <sup>00</sup>	10,740.00
20	Accum. Prov. for Uncollectible Accts.-CR. (144)		
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)		
23	Prepayments (165)	100. <sup>00</sup>	100.00
24	Miscellaneous Current and Accrued Assets (174)		
25			
26			
27	Total Current and Accrued Assets	12,541. <sup>11</sup>	12,489.56
28			
29	<b>DEFERRED DEBITS</b>		
30	Unamortized Debt Expense (181)		
31	Extraordinary Property Losses (182.1)		
32	Miscellaneous Deferred Debits (186)		
33	Def. Losses from Disposition of Util. Plt. (187)		
34	Unamort. Loss on Reacquired Debt (189)		
35	Accum. Deferred Income Taxes (190)		
36	Unrecovered Purchased Gas Costs (191)		
37			
38	Total Deferred Debits		
39			
40	<b>TOTAL ASSETS AND OTHER DEBITS</b>	46,414. <sup>91</sup>	45,256.36



2  
BALANCE SHEET

Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
1	<b>PROPRIETARY CAPITAL</b>		
2	Common Stock Issued (201)	644 <sup>00</sup>	644.00
3	Preferred Stock Issued(204)		
4	Misc. Paid-In Capital (211)		
5	Discount on Capital Stock (213)		
6	Capital Stock Expense (214)		
7	Appropriated Retained Earnings (215)		
8	Unappropriated Retained Earnings (216)	(5,254.14)	(3342.15)
9	Reacquired Capital Stock (217)		
10	Total Proprietary Capital	(4,610.14)	(2498.15)
11			
12	<b>LONG-TERM DEBT</b>		
13	Bonds (221)		
14	Advances From Associated Companies (223)		
15	Other Long-Term Debt (224)		
16	Total Long-Term Debt		
17	<b>OTHER NONCURRENT LIABILITIES</b>		
18	Accum. Provision for Property Insurance (228.1)		
19	Accum. Provision for Injuries and Damage (228.2)		
20	Accum. Provision for Pensions and Benefits(228.3)		
21	Accum. Miscellaneous Operating Provisions (228.4)		
22	Total Other Noncurrent Liabilities		
23	<b>CURRENT AND ACCRUED LIABILITIES</b>		
24	Notes Payable (231)	45,828.45	43815.78
25	Accounts Payable (232)	4,773.00	3715.13
26	Notes Payable to Associated Companies (233)		
27	Accounts Payable to Associated Companies (234)		
28	Customer Deposits (235)		
29	Taxes Accrued (236)		
30	Interest Accrued (237)		
31	Misc. Current and Accrued Liabilities (242)	423.60	423.60
32	Total Current and Accrued Liabilities	51,025.05	47954.51
33	<b>DEFERRED CREDITS</b>		
34	Customer Advances for Construction (252)		
35	Other Deferred Credits (253)		
36	Accum. Deferred Investment Tax Credits (255)		
37	Accum. Deferred Income Taxes (281-283)		
38	Total Deferred Credits		
39			
40	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	46,414.91	45256.36

**ANALYSIS OF GAS UTILITY PLANT AND ACCUMULATED  
PROVISIONS FOR DEPRECIATION, DEPLETION AND AMORTIZATION**

Line No.	Acct. No.	Item	Amount
1	101	Gas Plant in Service-Classified (From Page 5, Line 39(f))	27698.36
2	101.1	Property Under Capital Leases	
3	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5		Total	
6	104	Gas Plant Leased to Others	
7	105	Gas Plant Held for Future Use	
8	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11			
12		Total Utility Plant (Forward to Page 1, line 3)	27698.36
13		Less:	
	108	Accum. Prov. For Depreciation of Gas Utility Plant	24931.56
14	111	Accum. Prov. for Amortization and Depletion of Gas Utility Plant	
15		Total (Forward to Page 1, line 4)	24931.56
16		Net Utility Plant (Forward to Page 1, line 5)	2766.80
<b>DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS UTILITY PLANT</b>			
17		In Service:	
19		Depreciation	24931.56
20		Depletion	
21		Amortization	
22		Total - In Service	
23		Leased to Others:	
24		Depreciation	
25		Depletion	
26		Amortization	
27		Total - Leased to Others	
28		Held for Future Use:	
29		Depreciation	
30		Depletion	
31		Amortization	
32		Total - Held for Future Use	
33		Amortization of Gas Plant Acquisition Adjustments	
34		TOTAL ACCUMULATED PROVISIONS (Same as line 15, above)	24931.56
<b>NOTES TO BALANCE SHEET</b>			
This space is provided for important notes regarding the balance sheet			

## GAS UTILITY PLANT IN SERVICE

Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column (c) or column (d), as they are corrections of additions or retirements

Line No.	Account (a)	Balance First of Year (b)	Additions (c)	Retirements (d)
1	Intangible Plant - Account 301-303 (Attach Schedule)			
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)			
3	<b>TRANSMISSION PLANT</b> Land and Land Rights (365.1)			
4	Rights-Of-Way (365.2)			
5	Structures and Improvements (366)			
6	Mains (367)			
7	Compressor Station Equipment (368)			
8	Measuring and Regulating Station Equipment (369)			
9	Communication Equipment (370)			
10	Other Equipment (371)			
11	Total Transmission Plant			
12	<b>DISTRIBUTION PLANT</b> Land and Land Rights (374)			
13	Structures and Improvements (375)			
14	Mains (376)			
15	Compressor Station Equipment (377)			
16	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gate (379)			
18	Services (380)			
19	Meters (381)			
20	Meter Installations (382)			
21	House Regulators (383)			
22	House Regulator Installations (384)			
23	Industrial Measuring & Regulating Station Equipment (385)			
24	Other Property on Customers Premises (386)			
25	Other Equipment (387)			
26	Total Distribution Plant			
27	<b>GENERAL PLANT</b> Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)			
30	Transportation Equipment (392)			
31	Stores Equipment (393)			
32	Tools, Shop and Garage Equipment (394)			
33	Laboratory Equipment (395)			
34	Power Operated Equipment (396)			
35	Communication Equipment (397)			
36	Miscellaneous Equipment (398)	27,698. <sup>36</sup>	—	—
37	Other Tangible Property (399)			
38	Total General Plant			
39	<b>TOTAL GAS PLANT IN SERVICE</b>	27,698. <sup>36</sup>	—	—

## GAS UTILITY PLANT IN SERVICE

Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column (c) or column (d), as they are corrections of additions or retirements

Line No.	Account (a)	Adjustments (+ or -) (e)	Balance End of Year (f)
1	Intangible Plant - Account 301-303 (Attach Schedule)		
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)		
<b>TRANSMISSION PLANT</b>			
3	Land and Land Rights (365.1)		
4	Rights-Of-Way (365.2)		
5	Structures and Improvements (366)		
6	Mains (367)		
7	Compressor Station Equipment (368)		
8	Measuring and Regulating Station Equipment (369)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
<b>DISTRIBUTION PLANT</b>			
12	Land and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)		
15	Compressor Station Equipment (377)		
16	Measuring and Regulating Station Equipment - General (378)		
17	Measuring & Regulating Station Equipment - City Gate (379)		
18	Services (380)		
19	Meters (381)		
20	Meter Installations (382)		
21	House Regulators (383)		
22	House Regulator Installations (384)		
23	Industrial Measuring & Regulating Station Equipment (385)		
24	Other Property on Customers Premises (386)		
25	Other Equipment (387)		
26	Total Distribution Plant		
<b>GENERAL PLANT</b>			
27	Land and Land Rights (389)		
28	Structures and Improvements (390)		
29	Office Furniture and Equipment (391)		
30	Transportation Equipment (392)		
31	Stores Equipment (393)		
32	Tools, Shop and Garage Equipment (394)		
33	Laboratory Equipment (395)		
34	Power Operated Equipment (396)		
35	Communication Equipment (397)		
36	Miscellaneous Equipment (398)		27698.36
37	Other Tangible Property (399)		
38	Total General Plant		
39	<b>TOTAL GAS PLANT IN SERVICE</b>		27698.36



## LONG-TERM DEBT

List Each Original Issue Amt., Class & Series of Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest Expense For The Year	
				Rate (e)	Amount (f)
Total					

## NOTES PAYABLE

Name of Payee (a)	Date of Note (b)	Date of Maturity (c)	Interest Rate (d)	Balance End of Year (e)
South Central Bank				22920.80
Miller Energy Co				5,700.00
Miller's Bottled Gas, Inc				15194.98
Total				43,815.78

## INTEREST ACCRUED

Description of Obligation (a)	Int. Accr. Balance First of Year (b)	Int. Accr. During Year (c)	Int. Paid During Year (d)	Interest Accrued Balance End of Year (e)
Long Term Debt:				
NOTE TO SOUTH CENTRAL BANK	- 0 -	1623.25	1623.25	- 0 -
Note Payable:				
Customer Deposits:				
Other:				
Total	- 0 -	1623.25	1623.25	- 0 -

## MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES

Sub-Account and Description	Amount
PAYABLE TO STOCKHOLDERS	423.60
Total	423.60

## STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216):		
Balance Beginning of Year	(5254.14)	(4063.11)
Balance Transferred From Income (433)	1911.99	(1191.03)
Misc. Credits (Specify Account Number & Title):		
Total Credits to Unappropriated Retained Earnings	1911.99	(1191.03)
Dividends Declared-Preferred Stock (437)		
Dividends Declared-Common Stock (438)		
Miscellaneous Debits (Specify Account Number & Title):		
Adjustments to Retained Earnings (439) (Describe)		
Total Debits to Unappropriated Retained Earnings		
Net Addition to Unappropriated Retained Earnings		
Balance End of Year	(3342.15)	(5254.14)

STATEMENT OF INCOME FOR THE YEAR				
Line No.	Account (a)	Average No. Customers (b)	MCF of Nat. Gas Sold (c)	Amount (d)
<b>OPERATING REVENUES</b>				
1	Residential Sales (480)	47	3030.03	9009.91
2	Commercial and Industrial Sales (481)	7	653.00	1,722.25
3	Interdepartmental Sales (484)		32.1	- 0 -
4	Total Sales to Ultimate Consumers			
5	Sales for Resale (483)		- 0 -	- 0 -
6	Total Gas Service Revenues		3715.13	10,732.16
<b>OTHER OPERATING REVENUES</b>				
7	Forfeited Discounts (487)			
8	Miscellaneous Service Revenues (488)			586.00
9	Revenues From Transportation of Gas of Others (489)			
10	Revenues From Natural Gas Processed by Others (491)			
11	Rent From Gas Property (493)			
12	Other Gas Revenues (495) <i>POSTING &amp; WRITE OFF</i>			<114.25>
13	Total Other Operating Revenues			
14	Total Gas Operating Revenues			11203.91
<b>OPERATING EXPENSES</b>				
15	Total Gas Operation & Maintenance Expenses (from page 11, line 26)			6926.58
16	Depreciation Expense (403)			1107.00
17	Amortization Expense (404-407) (from page 12)			-
18	Taxes Other Than Income Taxes (408.1) (from page 12)			843.41
19	Total Income Taxes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from page 12)			-
20	Total Gas Operating Expenses			8877.00
21	Net Operating Income			2326.91
<b>OTHER INCOME</b>				
22	Other Nonutility Income - Net (415-418)			
23	Interest and Dividend Income (419)			
24	Miscellaneous Nonoperating Income (421)			1208.33
25	Other Accounts (Specify Account Number and Title):			
26				
27				
28	Total Other Income			1208.33
<b>OTHER DEDUCTIONS</b>				
29	Interest on Long-Term Debt (427)			1623.25
30	Amortization of Debt Discount and Expense (428)			
31	Other Nonutility Deductions (426.1 - 426.5)			
32	Other Interest Expense (431)			
33	Total Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 411.5) (from Page 12)			
34	Other Accounts (Specify Account Number and Title):			
35				
36				
37	Taxes Other Than Income Taxes (408.2) (from Page 12)			- 0 -
38	Total Other Deductions			1623.25
39	NET INCOME			1911.99



GAS OPERATION AND MAINTENANCE EXPENSES		
Line No.	Account (a)	Amount (b)
	<b>MANUFACTURED GAS PRODUCTION</b>	
1	Total-Account 710-742 (Attach Schedule by Accounts)	
	<b>NATURAL GAS PRODUCTION EXPENSES</b>	
2	Total-Account 750-791 (Attach Schedule by Accounts)	
	<b>EXPLORATION AND DEVELOPMENT EXPENSES</b>	
3	Total-Account 795-798 (Attach Schedule by Accounts)	
	<b>STORAGE EXPENSES</b>	
4	Total-Account 814-843 (Attach Schedule by Accounts)	
	<b>OTHER GAS SUPPLY EXPENSES</b>	
5	Natural Gas City Gate Purchases (804)	
6	Other Gas Purchases (805)	
7	Purchased Gas Cost Adjustments (805.1)	
8	Purchased Gas Expenses (807)	3715.13
9	Gas Withdrawn From Storage - Debit (808.1)	
10	Gas Delivered to Storage - Credit (808.2)	
11	Gas Used For Other Utility Operations - Credit (812)	
12	Other Gas Supply Expenses (813)	
13	Total Other Gas Supply Expenses	3715.13
	<b>TRANSMISSION EXPENSES</b>	
14	Operation Supervision and Engineering (850)	
15	Compressor Station Labor and Expenses (853)	
16	Measuring and Regulating Station Expenses (857)	
17	Transmission and Compression of Gas by Others (858)	
18	Rents (860)	
19	Maintenance of Mains (863)	
20	Maintenance of Compressor Station Equipment (864)	
21	Total Transmission Expenses	
	<b>DISTRIBUTION EXPENSES</b>	
22	Operation Supervision and Engineering (870)	
23	Compressor Station Labor and Expenses (872)	
24	Mains and Services Expenses (874)	
25	Measuring and Regulating Station Expenses (875)	
26	Meter and House Regulator Expenses (878)	
27	Other Expenses (880)	
28	Rents (881)	
29	Maintenance Supervision and Engineering (885)	
30	Maintenance of Mains (887)	
31	Maintenance of Services (892)	
32	Maintenance of Meters and House Regulators (893)	
33	Maintenance of Other Equipment (894)	
34	Total Distribution Expenses	

GAS OPERATION AND MAINTENANCE EXPENSES (Con't.)		
Line No.	Account (a)	Amount (b)
<b>CUSTOMER ACCOUNTS EXPENSE</b>		
1	Meter Reading Expenses (902)	
2	Customer Records and Collection Expenses (903)	
3	Uncollectible Accounts (904)	
4	Total Customer Accounts Expense	
5		
<b>CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>		
6	Miscellaneous Customer Service and Informational Expenses (910)	
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
7	Administrative and General Salaries (920)	
8	Office Supplies and Expenses (921)	363.08
9	Administrative Expenses Transferred - Credit (922)	
10	Outside Services Employed (923)	1785.00
11	Property Insurance (924)	
12	Injuries and Damages (925)	
13	Employee Pensions and Benefits (926)	
14	Franchise Requirements (927)	
15	Regulatory Commission Expenses (928)	
16	Duplicate Charges - Credit (929)	
17	General Advertising Expenses (930.1)	
18	Miscellaneous General Expenses (930.2)	
19	Rents (931)	
20	Maintenance of General Plant (932)	
21	Total Administrative and General Expenses	
22	PROFESSIONAL FEES	750.00
23	UTILITIES	313.37
24		
25		
26	<b>TOTAL GAS OPERATION AND MAINTENANCE EXPENSES</b> (to Page 9, Line 15)	6926.58
<b>NUMBER OF CUSTOMERS</b>		
		End of Year
	Residential (480)	47
	Commercial and Industrial (481)	7
	Interdepartmental Sales (484)	
	Total - Ultimate Customer	54
	Sales for Resale (483)	
	<b>Total Gas Service Customers</b>	54

### TAXES OTHER THAN INCOME TAXES (408)

Show hereunder the various tax items which make up the amounts listed under  
Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37.

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	- 0 -
2	Public Service Commission Assessment	59.00
3	Other (Specify):	
4	VARIOUS TAXES & FEES	793.42
5		
6		
7		
8		
9	Total (Same as page 9, lines 18 and 37)	843.42

### OPERATING AND NONOPERATING INCOME TAXES

Acct. No.	Account (a)	Amount (b)
409.1	Income Taxes, Utility Operating Income - Federal	
409.1	Income Taxes, Utility Operating Income - State	
409.1	Income Taxes, Utility Operating Income - Other	
410.1	Provision for Deferred Income Taxes, Utility Operating Income	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4	Investment Tax Credit Adjustments, Utility Operations	
	Total Income Taxes - Utility Operating Income (to page 9, line 19)	
409.2	Income Taxes, Other Income & Deductions - Federal	
409.2	Income Taxes, Other Income & Deductions - State	
409.2	Income Taxes, Other Income & Deductions - Other	
410.2	Provision for Deferred Income Taxes, Other Income & Deductions	
411.2	Provision for Deferred Income Taxes - Credit, Other Income & Deductions	
411.5	Investment Tax Credit Adjustments, Nonutility Operations	
	Total Income Taxes - Nonutility Operating Inc. (to page 9, line 33)	

### AMORTIZATION EXPENSE

Acct. No.	Account (a)	Amount (b)
404.1	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense (Same as page 9, line 17)	

**SALES FOR RESALE - NATURAL GAS (Account 483)**

1. Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
2. Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured gas.
3. Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.
4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.
5. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.
6. Designate if BTU per cubic foot of gas is different for any delivery point from that shown in the heading of column (d).

Name of Other Gas Utility (Designate Associated Co) (a)	Point of Delivery (b)	FERC Tariff Rate Sch. Design (c)	Approx. BTU per Cubic Foot (d)	MCF of Gas Sold (14.73 PSIA 60 F) (e)	Revenue for Year (see #5, above) (f)	Average Revenue per MCF (g)



### GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	Item (a)	MCF (14.73 PSIA at 60 F) (b)
<b>GAS RECEIVED</b>		
1	Natural Gas Produced	
2	Purchases:	<del>5715.13</del>
3	Natural Gas City Gate Purchases (Account 804)	
4	Other Gas Purchases (Account 805)*	3715.13
5	Other Receipts (Specify):	
6		
7		
8		
9	Total Receipts	3715.13
10		
<b>GAS DELIVERED</b>		
11	Natural Gas Sales (same as page 9, column (c), line 6)	3715.13
12	Other Deliveries (specify):	
13		
14		
15		
16	Total Deliveries	3715.13
17		
18	Unaccounted for Gas	- 0 -
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	3715.13

\* This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas

**OATH**

Commonwealth of Kentucky )  
County of Warren ) ss:

I, P. Glenn Miller, having appeared before the undersigned officer duly authorized to administer oaths and being duly sworn, state under oath that I am President of Richardsville Gas Co, Inc ("Respondent"); that I have supervision over the books of account and other financial records of the Respondent and have control over the manner in which they are kept; that such books and records have, during the period covered by the foregoing report, been maintained in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky; that I have carefully examined the foregoing report and to the best of my knowledge and belief the information contained in this report is, so far as it relates to matters of accounts, in accordance with the said books of account; that all other statements of fact contained in the foregoing report are true; and that the foregoing report is a correct and complete statement of the business and affairs of the Respondent in every respect and manner during the period of time from and including 1-1-, 2007, to and including 12-31-, 2007

P. Glenn Miller  
(Signature of Officer)

Subscribed and sworn to before me, a Notary State at Large in and for the State and County named in the above this 7 day of July, 2008

(Apply Seal Here)

My Commission Expires 3-22-2011

Carol Lorraine Darrow  
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

KENTUCKY PUBLIC SERVICE COMMISSION  
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY  
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2007

Richardsville Gas Inc P.O. Box 9675 Bowling Green, KY 42102  
(Utility Reporting) (Address)

FEIN # (Federal Employer Identification Number)



(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility.....\$ /
- (2) Gross Revenues of Gas Utility.....\$ 11,203.91
- (3) Gross Revenues of Water Utility.....\$ /
- (4) Gross Revenues of Sewer Utility.....\$ /
- (5) Other Operating Revenues.....\$ /
- \*\*\* TOTAL GROSS REVENUES.....\$ 11,203.91

OATH

State of... Kentucky... )  
County of... Warren... ) ss.

P. Glenn Miller being duly sworn, states that he/she is  
(Officer)  
President of the Richardsville Gas Co Inc, that the above  
(Official Title) (Utility Reporting)  
report of gross revenues is in exact accordance with Richardsville Gas Co Inc, and that such  
(Utility Reporting)  
books accurately show the gross revenues of Richardsville Gas Co Inc, derived from  
(Utility Reporting)

Intra-Kentucky business for the calendar year ending December 31, 2007

P. Glenn Miller (Officer) [Signature] (Title)

This the 7 day of July, 2008  
Carol L. Darrow (Notary Public) Warren (County) 3-22-2011 (Commission Expires)

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE REVERSE OF THIS REPORT.



<b>A Check if:</b> <b>1 a</b> Consolidated return (attach Form 851) <input type="checkbox"/> <b>b</b> Life/nonlife consolidated return <input type="checkbox"/> <b>2</b> Personal holding co (attach Sch PH) <input type="checkbox"/> <b>3</b> Personal service corp (see instr) <input type="checkbox"/> <b>4</b> Schedule M-3 attached <input type="checkbox"/>	Use IRS label. Otherwise, print or type.	RICHARDSVILLE GAS COMPANY, INC. P. O. BOX 9675 BOWLING GREEN, KY 42102-9675	<b>B</b> Employer identification number [REDACTED]
			<b>C</b> Date incorporated 5/15/1977
			<b>D</b> Total assets (see instructions) \$ 45,256.
<b>E</b> Check if: (1) Initial return (2) Final return (3) Name change (4) Address change			

<b>I N C O M E</b>	1 a Gross receipts or sales	12,526.	b Less returns & allowances	114.	c Balance	12,412.
	2 Cost of goods sold (Schedule A, line 8)					3,715.
	3 Gross profit. Subtract line 2 from line 1c					8,697.
	4 Dividends (Schedule C, line 19)					
	5 Interest					
	6 Gross rents					
	7 Gross royalties					
	8 Capital gain net income (attach Schedule D (Form 1120))					
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					
	10 Other income (see instructions - attach schedule)					
	11 <b>Total income.</b> Add lines 3 through 10					8,697.

<b>D E D U C T I O N S</b>	12 Compensation of officers (Schedule E, line 4)		13			
	13 Salaries and wages (less employment credits)		14			
	14 Repairs and maintenance		15			
	15 Bad debts		16			
	16 Rents		17		843.	
	17 Taxes and licenses		18		1,623.	
	18 Interest		19			
	19 Charitable contributions		20		3,065.	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		21			
	21 Depletion		22			
	22 Advertising		23			
	23 Pension, profit-sharing, etc, plans		24			
	24 Employee benefit programs		25			
	25 Domestic production activities deduction (attach Form 8903)		26		3,166.	
26 Other deductions (attach schedule)	SEE STATEMENT 1	27		8,697.		
27 <b>Total deductions.</b> Add lines 12 through 26		28		0.		
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		29 a		0.		
29 <b>Less:</b> a Net operating loss deduction (see instructions)	SEE ST 2.	29 b				
b Special deductions (Schedule C, line 20)		29 c				

<b>T A X A N D P A Y M E N T S</b>	30 Taxable income. Subtract line 29c from line 28 (see instructions)		31			0.
	31 <b>Total tax</b> (Schedule J, line 10)		32 a			
	32 a 2006 overpayment credited to 2007		32 b			
	b 2007 estimated tax payments		32 c			
	c 2007 refund applied for on Form 4466		d Bal ▶	32 d		0.
	e Tax deposited with Form 7004			32 e		
	f Credits: (1) Form 2439 (2) Form 4136			32 f		0.
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached			33			
34 <b>Amount owed.</b> If line 32g is smaller than the total of lines 31 and 33, enter amount owed			34		0.	
35 <b>Overpayment.</b> If line 32g is larger than the total of lines 31 and 33, enter amount overpaid			35			
36 Enter amount from line 35 you want: Credited to 2008 estimated tax			36		Refunded ▶	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

<b>Paid Preparer's Use Only</b>	Preparer's signature ▶ KEITH A HILLIARD, CPA	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN [REDACTED]
	Firm's name (or yours if self-employed), address, and ZIP code ▶ HILLIARD & FISHER CPA'S PO BOX 1400 BOWLING GREEN, KY 42102-1400			EIN [REDACTED]
				Phone no. [REDACTED]

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	3,715.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5	6	3,715.
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2	8	3,715.

9a Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation  Yes  No

**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	SEE INSTR.	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	<b>Total.</b> Add lines 1 through 8. See instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4		
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
2	Total compensation of officers					
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

**Schedule J Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		0.
5a	Foreign tax credit (attach Form 1118)		
5b	Credits from Forms 5735 and 8834		
5c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 8844 <input type="checkbox"/> Form 8846		
5d	Credit for prior year minimum tax (attach Form 8827)		
5e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912		
6	<b>Total credits.</b> Add lines 5a through 5e		
7	Subtract line 6 from line 4		
8	Personal holding company tax (attach Schedule PH (Form 1120))		
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule)		
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31		0.

**Schedule K Other Information** (see instructions)

	Yes	No		Yes	No
1	Check accounting method: a <input type="checkbox"/> Cash    b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____				
2	See the instructions and enter the: a Business activity code no. ▶ <u>221210</u> b Business activity ▶ <u>SALES</u> c Product or service ▶ <u>NATURAL GAS</u>				
3		X	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deduction of such corporation for the tax year ending with or within your tax year.		
4		X	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____		
5	X		At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned ▶ <u>100. %</u> <u>SEE STATEMENT 3</u>		
6		X	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file <b>Form 5452</b> , Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on <b>Form 851</b> , Affiliations Schedule, for each subsidiary.		
7			At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		X
8			The corporation may have to file <b>Form 5472</b> , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached. _____		
9			Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file <b>Form 8281</b> , Information Return for Publicly Offered Original Issue Discount Instruments.		
10			Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ <u>NONE</u>		
11			Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ <u>1</u>		
12			If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid		
13			Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ <u>2,003.</u>		
13			Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ <u>NONE</u>	X	

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash		1,298.		590.
2a	Trade notes and accounts receivable	404.		1,060.	
	b Less allowance for bad debts		404.		1,060.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to shareholders		10,740.		10,740.
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	57,698.		57,698.	
	b Less accumulated depreciation	23,825.	33,873.	24,932.	32,766.
11a	Depletable assets				
	b Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
	b Less accumulated amortization				
14	Other assets (attach schedule) SEE ST 4		100.		100.
15	Total assets		46,415.		45,256.
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable		4,773.		3,715.
17	Mortgages, notes, bonds payable in less than 1 year		1,750.		2,000.
18	Other current liabilities (attach sch) SEE ST 5		20,895.		20,895.
19	Loans from shareholders		424.		424.
20	Mortgages, notes, bonds payable in 1 year or more		23,183.		20,920.
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock	644.	644.	644.	644.
23	Additional paid-in capital				
24	Retained earnings — Approp (att sch)				
25	Retained earnings — Unappropriated		-5,254.		-3,342.
26	Adjmnt to shareholders' equity (att sch)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		46,415.		45,256.

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**  
 Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more — see instructions

1	Net income (loss) per books	1,912.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
	a Depreciation \$			a Depreciation \$ 1,958.	
	b Charitable contributions \$			b Charitable contribns \$	
	c Travel & entertainment \$ 46.				
		46.	9	Add lines 7 and 8	1,958.
6	Add lines 1 through 5	1,958.	10	Income (page 1, line 28) — line 6 less line 9	0.

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year	-5,254.	5	Distributions a Cash	
2	Net income (loss) per books	1,912.		b Stock c Property	
3	Other increases (itemize):		6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-3,342.	8	Balance at end of year (line 4 less line 7)	-3,342.

**Depreciation and Amortization  
(Including Information on Listed Property)**

**2007**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Attachment  
Sequence No. **67**

Name(s) shown on return

**RICHARDSVILLE GAS COMPANY, INC.**

Identifying number

Business or activity to which this form relates

FORM 1120

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$125,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$500,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	125,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	2,232.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	1,958.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	1,958.
13	Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12	13	274.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2007	17	1,107.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B – Assets Placed in Service During 2007 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C – Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary** (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	3,065.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

CLIENT 18558

RICHARDSVILLE GAS COMPANY, INC.



5/30/08

11:08AM

STATEMENT 1  
FORM 1120, LINE 26  
OTHER DEDUCTIONS

ACCOUNTING.....	\$	750.
BANK CHARGES.....		98.
MEALS AND ENTERTAINMENT.....		46.
MISCELLANEOUS.....		80.
OFFICE EXPENSE.....		94.
OUTSIDE SERVICES.....		1,785.
UTILITIES.....		313.
TOTAL	\$	<u>3,166.</u>

STATEMENT 2  
FORM 1120, LINE 29A  
NET OPERATING LOSS DEDUCTION

CARRYOVER GENERATED FROM YEAR END 12/31/05	\$	812.
AVAILABLE FOR CARRYOVER TO 2007.....		812.
CARRYOVER GENERATED FROM YEAR END 12/31/06	\$	1,191.
AVAILABLE FOR CARRYOVER TO 2007.....		1,191.
NET OPERATING LOSSES AVAILABLE IN 2007.....	\$	<u>2,003.</u>
TAXABLE INCOME.....		0.
TOTAL NET OPERATING LOSS DEDUCTION (LIMITED TO TAXABLE INCOME).....		<u>0.</u>

STATEMENT 3  
FORM 1120, SCHEDULE K, LINE 5  
50% OR MORE OWNERS

NAME : GLENN MILLER  
ID NUMBER :   
PERCENTAGE OWNED : 100.00%

STATEMENT 4  
FORM 1120, SCHEDULE L, LINE 14  
OTHER ASSETS

	BEGINNING	ENDING
UTILITY DEPOSITS.....	\$ 100.	\$ 100.
TOTAL	<u>\$ 100.</u>	<u>\$ 100.</u>

CLIENT 18558

RICHARDSVILLE GAS COMPANY, INC.



5/30/08

11:08AM

STATEMENT 5  
FORM 1120, SCHEDULE L, LINE 18  
OTHER CURRENT LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
PAYABLE - RELATED ENTITIES.....	\$ 20,895.	\$ 20,895.
TOTAL	<u>\$ 20,895.</u>	<u>\$ 20,895.</u>

Copy

2006

Amended 8/23/2005

## Class C and D Gas Utility

ANNUAL REPORT

OF

Richardsville Gas Co., Inc.

Exact Legal Name of Reporting Utility

110 E. Campbell Ln. P.O. Box 9645

Bowling Green, KY 42102

(Address of utility)

TO THE  
PUBLIC SERVICE COMMISSION  
OF THE  
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2006



PUBLIC SERVICE COMMISSION OF KENTUCKY  
PRINCIPAL PAYMENT AND INTEREST INFORMATION  
FOR THE YEAR ENDING DECEMBER 31, 2006

1. Amount of Principal Payment during calendar year \$ 1,533,92

2. Is Principal current? (Yes)  (No) \_\_\_\_\_

3. Is Interest current? (Yes)  (No) \_\_\_\_\_

4. Has all long-term debt been approved by the Public Service  
Commission?

Yes \_\_\_\_\_ No \_\_\_\_\_ PSC Case Number \_\_\_\_\_

SERVICES PERFORMED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?  
(Yes) \_\_\_\_\_ (No)

If yes, which service was performed?  
Audit \_\_\_\_\_  
Compilation \_\_\_\_\_  
Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

Page 1 of 2  
**AUDIT OF THE ANNUAL REPORT**  
**GAS COMPANIES**

<u>Page No.</u>	<u>Line No.</u>		<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
1	3	agrees with	3	12			
1	4	agrees with	3	15			
1	5	agrees with	3	16			
2	2 & 3	agrees with	6	Capital Stock (f)			
				Account 216			
2	8	agrees with	8	Balance End of Year (b)			
2	16	agrees with	7	Long Term Debt Total (d)			
2	24	agrees with	7	Notes Payable Total (e)			
2	30	agrees with	7	Interest Accrued Total (e)			
2	31	agrees with	8	Misc. Current and Accrued Liabilities			
3	1	agrees with	5	39(f)			
3	15	agrees with	3	34			
3	15	agrees with	6	25			
9	5	agrees with	13	(f)			
9	15	agrees with	11	26			
9	17	agrees with	12	Total Amortization Expense			
9	18	agrees with	12	Account 408.1			
9	19	agrees with	12	Total Income Taxes - Utility Operating Income			
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)			

Page 2 of 2  
AUDIT OF THE ANNUAL REPORT  
GAS COMPANIES

<u>Page No.</u>	<u>Line No.</u>		<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
9	32	agrees with	7	Interest Accrued Other (c)			
9	33	agrees with	12	Total Income Taxes - Nonutility Operating Income			
9	37	agrees with	12	Account 408.2			
9	39	agrees with	8	Balance Transferred From Income (433)			
10	5	agrees with	14	(j)			
10	6	agrees with	14	(j)			
14	(i)	agrees with	15	3 & 4 (b)			
15	9	agrees with	15	20			
15	11	agrees with	9	6(c)			
Principal Payment Page has been completed							
Oath Page has been completed							

Additional Information Required by Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments

Case #	Date of Order	Item/Explanation

Attach additional sheets if more room is needed

**GENERAL INFORMATION**

1. Give the location, including street & number and telephone number, including the area code, of the principal office in Kentucky.  
110 E. Campbell Lane, Bowling Green, KY 42101  
270-842-9427
2. Name, title, address and telephone number, including area code, of the Person to be contacted concerning this report.  
Joan Miller 270-842-9427  
110 E. Campbell Lane  
Bowling Green, KY 42101
3. Name and title of officer having custody of the books of account, address of office and telephone number, including area code, where the books of account are kept.  
P. Glenn Miller 270-842-9427  
110 E. Campbell Ln  
Bowling Green, KY 42101
4. Name of State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law.  
Kentucky 1977
5. If the respondent controls or is controlled by any other corporation, business trust, or similar organization, give a concise explanation of the manner and extent of control.  


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6. Give the names and addresses of the ten major stockholders of the respondent and the voting powers of each at the end of the year.  
P. Glenn Miller, President - only stockholder
7. Give the number of employees: Full-time 0 Part-time: \_\_\_\_\_
8. Name of City, Town, Community and County in which you furnish gas service and the number of customers in each.  
Richardsville, KY - Warren County

**PRINCIPAL OFFICERS**

Line No.	Title	Name of Officer or Director	Principal Business Address	Annual Salary And/or Fee
1	President	P. Glenn Miller	110 E. Campbell Ln	- 0 -
2				
3				
4				
5				
6				
7				
8				
9				
10				

## BALANCE SHEET 2005

2006 ✓

Line No.	ASSETS AND OTHER DEBITS	Balance First of Year	Balance Last of Year
1	<b>UTILITY PLANT</b>		
2			
3	Utility Plant (101-107,114,116)	27,698.36	27,698.36
4	Less: Accum. Prov. for Depr., Depletion, and Amortization (108,111)	22,274.56	23,824.56
5	Net Utility Plant	5,423.80	3,873.80
6			
7	<b>OTHER PROPERTY AND INVESTMENTS</b>		
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)	30,000 <sup>00</sup>	30,000 <sup>00</sup>
10	Other Special Funds (128)		
11			
12	Total Other Property and Investments	30,000 <sup>00</sup>	30,000 <sup>00</sup>
13			
14	<b>CURRENT AND ACCRUED ASSETS</b>		
15	Cash (131)	839.48	1,297.49
16	Temporary Cash Investments (136)		
17	Notes Receivable (141)		
18	Customer Accounts Receivable (142)	1,356.87	403.62
19	Other Accounts Receivable (143)	10,387. <sup>00</sup>	10,740. <sup>00</sup>
20	Accum. Prov. for Uncollectible Accts.-CR. (144)		
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)		
23	Prepayments (165)	100 <sup>00</sup>	100 <sup>00</sup>
24	Miscellaneous Current and Accrued Assets (174)		
25			
26			
27	Total Current and Accrued Assets	12,683.35	12,541.11
28			
29	<b>DEFERRED DEBITS</b>		
30	Unamortized Debt Expense (181)		
31	Extraordinary Property Losses (182.1)		
32	Miscellaneous Deferred Debits (186)		
33	Def. Losses from Disposition of Util. Plt. (187)		
34	Unamort. Loss on Reacquired Debt (189)		
35	Accum. Deferred Income Taxes (190)		
36	Unrecovered Purchased Gas Costs (191)		
37			
38	Total Deferred Debits		
39			
40	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>48,107.15</b>	<b>46,414.91</b>

## BALANCE SHEET

2009

Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
1	<b>PROPRIETARY CAPITAL</b>		
2	Common Stock Issued (201)	644 <sup>00</sup>	644 <sup>00</sup>
3	Preferred Stock Issued(204)		
4	Misc. Paid-In Capital (211)		
5	Discount on Capital Stock (213)		
6	Capital Stock Expense (214)		
7	Appropriated Retained Earnings (215)		
8	Unappropriated Retained Earnings (216)	(4063.11)	(5,254.14)
9	Reacquired Capital Stock (217)		
10	Total Proprietary Capital	(3,419.11)	(4,610.14)
11			
12	<b>LONG-TERM DEBT</b>		
13	Bonds (221)		
14	Advances From Associated Companies (223)		
15	Other Long-Term Debt (224)		
16	Total Long-Term Debt		
17	<b>OTHER NONCURRENT LIABILITIES</b>		
18	Accum. Provision for Property Insurance (228.1)		
19	Accum. Provision for Injuries and Damage (228.2)		
20	Accum. Provision for Pensions and Benefits(228.3)		
21	Accum. Miscellaneous Operating Provisions (228.4)		
22	Total Other Noncurrent Liabilities		
23	<b>CURRENT AND ACCRUED LIABILITIES</b>		
24	Notes Payable (231)	47,412.06	45,828.45
25	Accounts Payable (232)	3,690.60	4,773.00
26	Notes Payable to Associated Companies (233)		
27	Accounts Payable to Associated Companies (234)		
28	Customer Deposits (235)		
29	Taxes Accrued (236)		
30	Interest Accrued (237)		
31	Misc. Current and Accrued Liabilities (242)	423.60	423.60
32	Total Current and Accrued Liabilities	51,526.26	51,025.05
33	<b>DEFERRED CREDITS</b>		
34	Customer Advances for Construction (252)		
35	Other Deferred Credits (253)		
36	Accum. Deferred Investment Tax Credits (255)		
37	Accum. Deferred Income Taxes (281-283)		
38	Total Deferred Credits		
39			
40	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	48,107.15	46,414.91

**ANALYSIS OF GAS UTILITY PLANT AND ACCUMULATED  
PROVISIONS FOR DEPRECIATION, DEPLETION AND AMORTIZATION**

Line No.	Acct. No.	Item	Amount
1	101	Gas Plant in Service-Classified (From Page 5, Line 39(f))	27,698.36
2	101.1	Property Under Capital Leases	
3	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5		Total	
6	104	Gas Plant Leased to Others	
7	105	Gas Plant Held for Future Use	
8	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11			
12		Total Utility Plant (Forward to Page 1, line 3)	27,698.36
13		Less:	
	108	Accum. Prov. For Depreciation of Gas Utility Plant	23,824.56
14	111	Accum. Prov. for Amortization and Depletion of Gas Utility Plant	
15		Total (Forward to Page 1, line 4)	23,824.56
16		Net Utility Plant (Forward to Page 1, line 5)	3,873.80

**DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPLETION AND  
AMORTIZATION OF GAS UTILITY PLANT**

17		In Service:	
19		Depreciation	23,824.56
20		Depletion	
21		Amortization	
22		Total - In Service	
23		Leased to Others:	
24		Depreciation	
25		Depletion	
26		Amortization	
27		Total - Leased to Others	
28		Held for Future Use:	
29		Depreciation	
30		Depletion	
31		Amortization	
32		Total - Held for Future Use	
33		Amortization of Gas Plant Acquisition Adjustments	
34		TOTAL ACCUMULATED PROVISIONS (Same as line 15, above)	23,824.56

**NOTES TO BALANCE SHEET**

This space is provided for important notes regarding the balance sheet



Page 1 of 2		GAS UTILITY PLANT IN SERVICE		
Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column (c) or column (d), as they are corrections of additions or retirements				
Line No.	Account (a)	Balance First of Year (b)	Additions (c)	Retirements (d)
1	Intangible Plant - Account 301-303 (Attach Schedule)			
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)			
3	<b>TRANSMISSION PLANT</b> Land and Land Rights (365.1)			
4	Rights-Of-Way (365.2)			
5	Structures and Improvements (366)			
6	Mains (367)			
7	Compressor Station Equipment (368)			
8	Measuring and Regulating Station Equipment (369)			
9	Communication Equipment (370)			
10	Other Equipment (371)			
11	Total Transmission Plant			
12	<b>DISTRIBUTION PLANT</b> Land and Land Rights (374)			
13	Structures and Improvements (375)			
14	Mains (376)			
15	Compressor Station Equipment (377)			
16	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gate (379)			
18	Services (380)			
19	Meters (381)			
20	Meter Installations (382)			
21	House Regulators (383)			
22	House Regulator Installations (384)			
23	Industrial Measuring & Regulating Station Equipment (385)			
24	Other Property on Customers Premises (386)			
25	Other Equipment (387)			
26	Total Distribution Plant			
27	<b>GENERAL PLANT</b> Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)			
30	Transportation Equipment (392)			
31	Stores Equipment (393)			
32	Tools, Shop and Garage Equipment (394)			
33	Laboratory Equipment (395)			
34	Power Operated Equipment (396)			
35	Communication Equipment (397)			
36	Miscellaneous Equipment (398)	27,698.36	—	—
37	Other Tangible Property (399)			
38	Total General Plant			
39	<b>TOTAL GAS PLANT IN SERVICE</b>	27,698.36	—	—

## GAS UTILITY PLANT IN SERVICE

Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column (c) or column (d), as they are corrections of additions or retirements

Line No.	Account (a)	Adjustments (+ or -) (e)	Balance End of Year (f)
1	Intangible Plant - Account 301-303 (Attach Schedule)		
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)		
<b>TRANSMISSION PLANT</b>			
3	Land and Land Rights (365.1)		
4	Rights-Of-Way (365.2)		
5	Structures and Improvements (366)		
6	Mains (367)		
7	Compressor Station Equipment (368)		
8	Measuring and Regulating Station Equipment (369)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
<b>DISTRIBUTION PLANT</b>			
12	Land and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)		
15	Compressor Station Equipment (377)		
16	Measuring and Regulating Station Equipment - General (378)		
17	Measuring & Regulating Station Equipment - City Gate (379)		
18	Services (380)		
19	Meters (381)		
20	Meter Installations (382)		
21	House Regulators (383)		
22	House Regulator Installations (384)		
23	Industrial Measuring & Regulating Station Equipment (385)		
24	Other Property on Customers Premises (386)		
25	Other Equipment (387)		
26	Total Distribution Plant		
<b>GENERAL PLANT</b>			
27	Land and Land Rights (389)		
28	Structures and Improvements (390)		
29	Office Furniture and Equipment (391)		
30	Transportation Equipment (392)		
31	Stores Equipment (393)		
32	Tools, Shop and Garage Equipment (394)		
33	Laboratory Equipment (395)		
34	Power Operated Equipment (396)		
35	Communication Equipment (397)		
36	Miscellaneous Equipment (398)	-	27,698.36
37	Other Tangible Property (399)		
38	Total General Plant		
39	<b>TOTAL GAS PLANT IN SERVICE</b>	-	27,698.36

ACCUMULATED PROVISION FOR DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS UTILITY PLANT			
Line No.	Item		Amount
1	Balance Beginning of Year		22,274.56
2	Accruals for Year:		
3	Depreciation		1,550.00
4	Depletion		
5	Amortization		
6	Other Accounts (detail):		
7			
8			
9	Total Accruals for Year		1,550.00
10	Credit Adjustments (describe):		
11			
12			
13	Total Credits for Year		
14			
15	Net Charges for Plant Retired:		
16	Book Cost of Plant Retired (same as Page 4, Line 39(d) )		XXXXXXXXXXXX
17	Add: Cost of Removal		XXXXXXXXXXXX
18	Less: Salvage		XXXXXXXXXXXX
19	Net Charges for Plant Retired		
20	Debit Adjustments(describe):		
21			
22			
23	Total Debit Adjustments for Year		
24			
25	Balance End of Year		23,824.56

CAPITAL STOCK

Class and Series of Stock (a)	No. of Shares Auth. (b)	Par Value Per Share of Par Value Stk (c)	Stated Val. Per Share of Nonpar Stock (d)	Outstanding Per Balance Sheet	
				Shares (e)	Amount (f)
Class A	1000			24	644.00

**LONG-TERM DEBT**

List Each Original Issue Amt., Class & Series of Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest Expense For The Year	
				Rate (e)	Amount (f)
<b>Total</b>					

**NOTES PAYABLE**

Name of Payee (a)	Date of Note (b)	Date of Maturity (c)	Interest Rate (d)	Balance End of Year (e)
South Central Bank				24,933.47
Miller Energy Co.				5,700.00
Miller's Bottled Gas Inc				15,194.98
<b>Total</b>				

**INTEREST ACCRUED**

Description of Obligation (a)	Int. Accr. Balance First of Year (b)	Int. Accr. During Year (c)	Int. Paid During Year (d)	Interest Accrued Balance End of Year (e)
Long Term Debt:				
Note Payable: SCB	—	2,032.31	2,032.31	
Customer Deposits:				
Other:				
<b>Total</b>	—	2,032.31	2,032.31	

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES

Sub-Account and Description	Amount
Total	

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216):		
Balance Beginning of Year	(4,063.11)	(3,251.16)
Balance Transferred From Income (433)	(1,191.03)	(811.95)
Misc. Credits (Specify Account Number & Title):		
Total Credits to Unappropriated Retained Earnings		
Dividends Declared-Preferred Stock (437)		
Dividends Declared-Common Stock (438)		
Miscellaneous Debits (Specify Account Number & Title):		
Adjustments to Retained Earnings (439) (Describe)		
Total Debits to Unappropriated Retained Earnings		
Net Addition to Unappropriated Retained Earnings		
Balance End of Year	(5,254.14)	(4,063.11)

STATEMENT OF INCOME FOR THE YEAR					
Line No.	Account (a)	Average No. Customers (b)	MCF of Nat. Gas Sold (c)	Amount (d)	
<b>OPERATING REVENUES</b>					
1	Residential Sales (480)		3891	8,123.61	
2	Commercial and Industrial Sales (481)		845	2,112.50	
3	Interdepartmental Sales (484)				
4	Total Sales to Ultimate Consumers				
5	Sales for Resale (483)				
6	Total Gas Service Revenues		4736	10,236.11	
<b>OTHER OPERATING REVENUES</b>					
7	Forfeited Discounts (487)				
8	Miscellaneous Service Revenues (488)				
9	Revenues From Transportation of Gas of Others (489)				
10	Revenues From Natural Gas Processed by Others (491)				
11	Rent From Gas Property (493)				
12	Other Gas Revenues (495)				
13	Total Other Operating Revenues				
14	Total Gas Operating Revenues				10,236.11
<b>OPERATING EXPENSES</b>					
15	Total Gas Operation & Maintenance Expenses (from page 11, line 26)				6,493.22
16	Depreciation Expense (403)				1,550.00
17	Amortization Expense (404-407) (from page 12)				
18	Taxes Other Than Income Taxes (408.1) (from page 12)				1,351.61
19	Total Income Taxes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from page 12)				
20	Total Gas Operating Expenses				9,394.83
21	Net Operating Income				841.28
<b>OTHER INCOME</b>					
22	Other Nonutility Income - Net (415-418)				
23	Interest and Dividend Income (419)				
24	Miscellaneous Nonoperating Income (421)				
25	Other Accounts (Specify Account Number and Title):				
26					
27					
28	Total Other Income				
<b>OTHER DEDUCTIONS</b>					
29	Interest on Long-Term Debt (427)				
30	Amortization of Debt Discount and Expense (428)				
31	Other Nonutility Deductions (426.1 - 426.5)				
32	Other Interest Expense (431)				2,032.31
33	Total Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 411.5) (from Page 12)				
34	Other Accounts (Specify Account Number and Title):				
35					
36					
37	Taxes Other Than Income Taxes (408.2) (from Page 12)				
38	Total Other Deductions				2,032.31
39	NET INCOME				(1,191.03)

GAS OPERATION AND MAINTENANCE EXPENSES		
Line No.	Account (a)	Amount (b)
1	<b>MANUFACTURED GAS PRODUCTION</b> Total-Account 710-742 (Attach Schedule by Accounts)	
2	<b>NATURAL GAS PRODUCTION EXPENSES</b> Total-Account 750-791 (Attach Schedule by Accounts)	
3	<b>EXPLORATION AND DEVELOPMENT EXPENSES</b> Total-Account 795-798 (Attach Schedule by Accounts)	
4	<b>STORAGE EXPENSES</b> Total-Account 814-843 (Attach Schedule by Accounts)	
5	<b>OTHER GAS SUPPLY EXPENSES</b> Natural Gas City Gate Purchases (804)	
6	Other Gas Purchases (805)	
7	Purchased Gas Cost Adjustments (805.1)	
8	Purchased Gas Expenses (807)	4,773. <sup>00</sup>
9	Gas Withdrawn From Storage - Debit (808.1)	
10	Gas Delivered to Storage - Credit (808.2)	
11	Gas Used For Other Utility Operations - Credit (812)	
12	Other Gas Supply Expenses (813)	
13	Total Other Gas Supply Expenses	4,773. <sup>00</sup>
14	<b>TRANSMISSION EXPENSES</b> Operation Supervision and Engineering (850)	
15	Compressor Station Labor and Expenses (853)	
16	Measuring and Regulating Station Expenses (857)	
17	Transmission and Compression of Gas by Others (858)	
18	Rents (860)	
19	Maintenance of Mains (863)	
20	Maintenance of Compressor Station Equipment (864)	
21	Total Transmission Expenses	
22	<b>DISTRIBUTION EXPENSES</b> Operation Supervision and Engineering (870)	
23	Compressor Station Labor and Expenses (872)	
24	Mains and Services Expenses (874)	
25	Measuring and Regulating Station Expenses (875)	
26	Meter and House Regulator Expenses (878)	
27	Other Expenses (880)	
28	Rents (881)	
29	Maintenance Supervision and Engineering (885)	
30	Maintenance of Mains (887)	
31	Maintenance of Services (892)	
32	Maintenance of Meters and House Regulators (893)	
33	Maintenance of Other Equipment (894)	
34	Total Distribution Expenses	

GAS OPERATION AND MAINTENANCE EXPENSES (Con't.)		
Line No.	Account (a)	Amount (b)
<b>CUSTOMER ACCOUNTS EXPENSE</b>		
1	Meter Reading Expenses (902)	
2	Customer Records and Collection Expenses (903)	
3	Uncollectible Accounts (904)	
4	Total Customer Accounts Expense	
5		
<b>CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>		
6	Miscellaneous Customer Service and Informational Expenses (910)	
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
7	Administrative and General Salaries (920)	
8	Office Supplies and Expenses (921)	358.77
9	Administrative Expenses Transferred - Credit (922)	
10	Outside Services Employed (923)	
11	Property Insurance (924)	
12	Injuries and Damages (925)	
13	Employee Pensions and Benefits (926)	
14	Franchise Requirements (927)	
15	Regulatory Commission Expenses (928)	
16	Duplicate Charges - Credit (929)	
17	General Advertising Expenses (930.1)	
18	Miscellaneous General Expenses (930.2)	
19	Rents (931)	
20	Maintenance of General Plant (932)	
21	Total Administrative and General Expenses	
22	Professional Fees	1,305.60
23	Utilities	55.85
24		
25		
26	<b>TOTAL GAS OPERATION AND MAINTENANCE EXPENSES</b> (to Page 9, Line 15)	6,493.22
<b>NUMBER OF CUSTOMERS</b>		
End of Year		
	Residential (480)	
	Commercial and Industrial (481)	
	Interdepartmental Sales (484)	
	Total - Ultimate Customer	
	Sales for Resale (483)	
	<b>Total Gas Service Customers</b>	



### TAXES OTHER THAN INCOME TAXES (408)

Show hereunder the various tax items which make up the amounts listed under  
Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37.

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	
2	Public Service Commission Assessment	
3	Other (Specify):	
4	Various Taxes & Fees	1,351.61
5		
6		
7		
8		
9	Total (Same as page 9, lines 18 and 37)	1,351.61

### OPERATING AND NONOPERATING INCOME TAXES

Acct. No.	Account (a)	Amount (b)
409.1	Income Taxes, Utility Operating Income – Federal	
409.1	Income Taxes, Utility Operating Income – State	
409.1	Income Taxes, Utility Operating Income – Other	
410.1	Provision for Deferred Income Taxes, Utility Operating Income	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4	Investment Tax Credit Adjustments, Utility Operations	
	Total Income Taxes - Utility Operating Income (to page 9, line 19)	
409.2	Income Taxes, Other Income & Deductions – Federal	
409.2	Income Taxes, Other Income & Deductions – State	
409.2	Income Taxes, Other Income & Deductions – Other	
410.2	Provision for Deferred Income Taxes, Other Income & Deductions	
411.2	Provision for Deferred Income Taxes – Credit, Other Income & Deductions	
411.5	Investment Tax Credit Adjustments, Nonutility Operations	
	Total Income Taxes – Nonutility Operating Inc. (to page 9, line 33)	

### AMORTIZATION EXPENSE

Acct. No.	Account (a)	Amount (b)
404.1	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense (Same as page 9, line 17)	

**SALES FOR RESALE - NATURAL GAS (Account 483)**

1. Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
2. Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured gas.
3. Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.
4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.
5. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.
6. Designate if BTU per cubic foot of gas is different for any delivery point from that shown in the heading of column (d).

Name of Other Gas Utility (Designate Associated Co) (a)	Point of Delivery (b)	FERC Tariff Rate Sch. Design (c)	Approx. BTU per Cubic Foot (d)	MCF of Gas Sold (14.73 PSIA 60 F) (e)	Revenue for Year (see #5, above) (f)	Average Revenue per MCF (g)



### GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	Item (a)	MCF (14.73 PSIA at 60 F) (b)
<b>GAS RECEIVED</b>		
1	Natural Gas Produced	- 0 -
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	
4	Other Gas Purchases (Account 805)*	4,736
5	Other Receipts (Specify):	
6		
7		
8		
9	Total Receipts	4,736
10		
<b>GAS DELIVERED</b>		
11	Natural Gas Sales (same as page 9, column (c), line 6)	4,736
12	Other Deliveries (specify):	
13		
14		
15		
16	Total Deliveries	4,736
17		
18	Unaccounted for Gas	
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	4,736
<p>* This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas</p>		

PERTINENT NOTES TO THE EXHIBITS AND SUPPORTING  
SCHEDULES CONTAINED IN THIS ANNUAL REPORT

OATH

Commonwealth of Kentucky )  
County of Warren ) ss:

I, P. Glenn Miller, having appeared before the undersigned officer duly authorized to administer oaths and being duly sworn, state under oath that I am President of Richardsville Gas Co Inc ("Respondent"); that I have supervision over the books of account and other financial records of the Respondent and have control over the manner in which they are kept; that such books and records have, during the period covered by the foregoing report, been maintained in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky; that I have carefully examined the foregoing report and to the best of my knowledge and belief the information contained in this report is, so far as it relates to matters of accounts, in accordance with the said books of account; that all other statements of fact contained in the foregoing report are true; and that the foregoing report is a correct and complete statement of the business and affairs of the Respondent in every respect and manner during the period of time from and including

January 1, 2006, to and including December 31, 2006

P. Glenn Miller  
(Signature of Officer)

Subscribed and sworn to before me, a Annual Report, in and for the State and County named in the above this 27 day of August, 2007

(Apply Seal Here)

My Commission Expires 3-22-11

Carol Lorraine Darrow  
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

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KENTUCKY PUBLIC SERVICE COMMISSION  
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY  
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2006

Richardsville Gas Co Inc 110 E. Campbell Ln. Bowling Green, KY 42101  
(Utility Reporting) P.O. Box 9675 (Address)

FEIN # (Federal Employer Identification Number)



(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility.....\$ N I A
  - (2) Gross Revenues of Gas Utility.....\$ 10,236.11
  - (3) Gross Revenues of Water Utility.....\$ N I A
  - (4) Gross Revenues of Sewer Utility.....\$ N I A
  - (5) Other Operating Revenues.....\$ \_\_\_\_\_
- \*\*\* TOTAL GROSS REVENUES.....\$ 10,236.11

OATH

State of Kentucky.....)  
County of Warren.....) ss.

P. Glenn Miller being duly sworn, states that he/she is  
(Officer)

President of the Richardsville Gas Co. Inc that the above  
(Official Title) (Utility Reporting)

report of gross revenues is in exact accordance with Richardsville Gas Co Inc, and that such  
(Utility Reporting)

books accurately show the gross revenues of: Richardsville Gas Co. Inc, derived from  
(Utility Reporting)

Intra-Kentucky business for the calendar year ending December 31, 2006.

P. Glenn Miller Pres.  
(Officer) (Title)

This the Twenty seventh day of August, 2007

Carol Lorraine Darrow Warren 3-22-77  
(Notary Public) (County) (Commission Expires)

**NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE REVERSE OF THIS REPORT.**



**RICHARDSVILLE GAS COMPANY  
CORPORATE INCOME TAX RETURNS**

**2006**

**PREPARED BY:**

**HILLIARD & FISHER, CPA'S**

COPY

OMB No. 1545-0123

Form 1120

U.S. Corporation Income Tax Return

For calendar year 2006 or tax year beginning 2006, ending 2006

2006

Department of the Treasury Internal Revenue Service (77)

See separate instructions.

A Check if: 1 Consolidated return, 2 Personal holding company, 3 Personal service corp, 4 Schedule M-3 required. B Employer identification number, C Date incorporated 5/15/1977, D Total assets \$ 46,415.

Use IRS label. Otherwise, print or type.

RICHARDSVILLE GAS COMPANY, INC. P. O. BOX 9675 BOWLING GREEN, KY 42102-9675

E Check if: (1) Initial return, (2) Final return, (3) Name change, (4) Address change

INCOME Table with columns 1a-11 and 1c. 1a Gross receipts or sales 10,236. 1c Balance 10,236. 11 Total income 5,463.

DEDUCTIONS Table with columns 12-29c. 26 Other deductions See Statement 1 1,721. 27 Total deductions 6,654. 28 Taxable income before net operating loss deduction -1,191.

TAX AND PAYMENTS Table with columns 30-36. 30 Taxable income -1,191. 31 Total tax 0. 32a 2005 overpayment credited to 2006. 32b 2006 estimated tax payments. 32c 2006 refund applied for on Form 4466. 32d Bal 0. 32e Tax deposited with Form 7004. 32f Credits. 32g Credit for federal telephone excise tax paid. 32h 0. 33 Estimated tax penalty. 34 Amount owed 0. 35 Overpayment. 36 Enter amount from line 35 you want: Credited to 2007 estimated tax. Refunded.

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. May the IRS discuss this return with the preparer shown below (see instructions)? X Yes No

Paid Preparer's Use Only Preparer's signature KEITH A HILLIARD, CPA Date 8/6/07 Check if self-employed Preparer's SSN or PTIN Hilliard & Fisher, CPA'S P.O. Box 1400 Bowling Green, KY 42102-1400

**Schedule A Cost of Goods Sold** (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	4,773.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5.	6	4,773.
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	4,773.

9a Check all methods used for valuing closing inventory:

- (i)  Cost
- (ii)  Lower of cost or market
- (iii)  Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO.

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation.  Yes  No

**Schedule C Dividends and Special Deductions** (see instructions)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	see instr.	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	<b>Total.</b> Add lines 1 through 8. See instructions for limitation.		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4.		
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b.		

**Schedule E Compensation of Officers** (see instructions for page 1, line 12)

**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12.					

**Schedule M Tax Computation** (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)).	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions).	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626).		
4	Add lines 2 and 3.		0.
5a	Foreign tax credit (attach Form 1118).		5a
5b	Qualified electric vehicle credit (attach Form 8834).		5b
5c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 8844.		5c
5d	Credit for prior year minimum tax (attach Form 8827).		5d
5e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912.		5e
6	<b>Total credits.</b> Add lines 5a through 5e.		6
7	Subtract line 6 from line 4.		7
8	Personal holding company tax (attach Schedule PH (Form 1120)).		8
9	Other taxes. <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 Check if from: <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (att schedule).		9
10	<b>Total tax.</b> Add lines 7 through 9. Enter here and on page 1, line 31.		10 0.

**Schedule M Other Information** (see instructions)

	Yes	No		Yes	No
1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____				
2	See the instructions and enter the: a Business activity code no. <u>221210</u> b Business activity <u>SALES</u> c Product or service <u>NATURAL GAS</u>				
3		X	7		X
	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.				
4		X	8		
	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____				
5	X		9		None
	At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned <u>100.0%</u> <u>See Statement 3</u>				
6		X	10		1
	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.				
			11		X
			12		812.
			13	X	None

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120), Foreign Operations of U.S. Corporations**, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash		840.		1,298.
2a	Trade notes and accounts receivable	1,357.		404.	
	b Less allowance for bad debts		1,357.		404.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule) See St. 4		647.		
7	Loans to shareholders		9,740.		10,740.
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	57,698.		57,698.	
	b Less accumulated depreciation	22,275.	35,423.	23,825.	33,873.
11a	Depletable assets				
	b Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
	b Less accumulated amortization				
14	Other assets (attach schedule) See St. 5		100.		100.
15	<b>Total assets</b>		48,107.		46,415.
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable		3,691.		4,773.
17	Mortgages, notes, bonds payable in less than 1 year		1,850.		1,750.
18	Other current liabilities (attach sch.) See St. 6		20,895.		20,895.
19	Loans from shareholders		424.		424.
20	Mortgages, notes, bonds payable in 1 year or more		24,666.		23,183.
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock	644.	644.	644.	644.
23	Additional paid-in capital				
24	Retained earnings — Approp (att sch)				
25	Retained earnings — Unappropriated		-4,063.		-5,254.
26	Adjmnt to shareholders' equity (att sch)				
27	Less cost of treasury stock				
28	<b>Total liabilities and shareholders' equity</b>		48,107.		46,415.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)

1	Net income (loss) per books	-1,191.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
	a Depreciation \$			a Depreciation \$	
	b Charitable contributions \$			b Charitable contribns \$	
	c Travel & entertainment \$				
6	Add lines 1 through 5	-1,191.	9	Add lines 7 and 8	0.
			10	Income (page 1, line 28) — line 6 less line 9	-1,191.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-4,063.	5	Distributions a Cash	
2	Net income (loss) per books	-1,191.		b Stock c Property	
3	Other increases (itemize):		6	Other decreases (itemize):	
4	Add lines 1, 2, and 3	-5,254.	7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	-5,254.

**Application for Automatic 6-Month Extension of Time To File  
Certain Business Income Tax, Information, and Other Returns**

► **File a separate application for each return.**

<b>Type or Print</b>	Name <b>RICHARDSVILLE GAS COMPANY, INC.</b>	Identifying number 
	Number, street, and room or suite number. (If P.O. box, see instructions.) <b>P. O. BOX 9675</b>	
File by the due date for the return for which an extension is requested. See instructions.	City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). <b>BOWLING GREEN, KY 42102-9675</b>	

**Note. See instructions before completing this form.**

1 Enter the form code for the return that this application is for (see below) ..... 12

2 If the foreign corporation does not have an office or place of business in the United States, check here .....

3 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here .....

4a The application is for calendar year 20 06, or tax year beginning \_\_\_\_\_, 20 \_\_, and ending \_\_\_\_\_, 20 \_\_

**b Short tax year.** If this tax year is less than 12 months, check the reason:

- Initial return     Final return     Change in accounting period     Consolidated return to be filed

5 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here .....

If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

6 Tentative total tax ..... 6 0.

7 Total payments and credits (see instructions) ..... 7 0.

8 **Balance due.** Subtract line 7 from line 6. **Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW)** (see instructions for exceptions) ..... 8 0.

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-H	17
Form 706-GS(T)	02	Form 1120-IC	18
Form 990-SS (2005 instructions only)	03	Form 1120-ND	19
Form 1041 (estate)	04	Form 1120-ND (section 951 taxes)	20
Form 1041-UBEN	05	Form 1120-PC	21
Form 1041-N	06	Form 1120-PO	22
Form 1041-REIT	07	Form 1120-REIT	23
Form 1042	08	Form 1120-S	25
Form 1042	09	Form 1120-S	26
Form 1065-B	10	Form 3520-A	27
Form 1066	11	Form 8872	28
Form 1120	12	Form 8613	29
Form 1120 (S-B, for 2005 fiscal year filers only)	13	Form 8725	30
Form 1120-A	14	Form 8804	31
Form 1120-C	14	Form 8878	32
Form 1120-F	15	Form 8876	33
Form 1120-FSC	16		

**BAA** For Paperwork Reduction Act Notice, see separate instructions.

**Depreciation and Amortization  
(Including Information on Listed Property)**

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

**RICHARDSVILLE GAS COMPANY, INC.**

Identifying number

Business or activity to which this form relates

Form **1120**

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$108,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$430,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	108,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562	10	2,232.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	0.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0.
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	13	2,232.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2006	17	1,550.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B – Assets Placed in Service During 2006 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only -- see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

**Section C – Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary** (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions	22	1,550.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Client 18558

RICHARDSVILLE GAS COMPANY, INC.

8/03/07

12:17PM

**Statement 1**  
**Form 1120, Line 26**  
**Other Deductions**

Accounting.....	\$	1,306.
Bank Charges.....		118.
Office Expense.....		241.
Utilities.....		56.
Total	\$	<u>1,721.</u>

**Statement 2**  
**Form 1120, Line 29a**  
**Net Operating Loss Deduction**

Carryover Generated From Year End 12/31/05	\$	812.
Available for Carryover to 2006.....		812.
Net Operating Losses Available in 2006.....	\$	<u>812.</u>
Taxable Income.....		-1,191.
Total Net Operating Loss Deduction (Limited to Taxable Income).....		<u>0.</u>

**Statement 3**  
**Form 1120, Schedule K, Line 5**  
**50% or More Owners**

Name : GLENN MILLER  
 ID Number :   
 Percentage Owned : 100.00%

**Statement 4**  
**Form 1120, Schedule L, Line 6**  
**Other Current Assets**

	Beginning	Ending
TAX REFUNDS RECEIVABLE.....	\$ 647.	\$ 0.
Total	<u>\$ 647.</u>	<u>\$ 0.</u>

**Statement 5**  
**Form 1120, Schedule L, Line 14**  
**Other Assets**

	Beginning	Ending
UTILITY DEPOSITS.....	\$ 100.	\$ 100.
Total	<u>\$ 100.</u>	<u>\$ 100.</u>



Client 18558

RICHARDSVILLE GAS COMPANY, INC.



8/03/07

12:17PM

Statement 6  
Form 1120, Schedule L, Line 18  
Other Current Liabilities

	<u>Beginning</u>	<u>Ending</u>
PAYABLE - RELATED ENTITIES .....	\$ 20,895.	\$ 20,895.
Total	<u>\$ 20,895.</u>	<u>\$ 20,895.</u>

720

41A720  
Department of Revenue



C Kentucky Corporation Account Number



**KENTUCKY CORPORATION  
INCOME TAX RETURN 2006**  
(Pass-Through Corporations Use Applicable Forms)

Taxable period beginning \_\_\_\_\_, 2006, and ending \_\_\_\_\_

**A** If filing consolidated, check the appropriate box. See instructions.

**B** Federal Identification Number

Taxable Year Ending 12/06

Name of Corporation or Affiliated Group (Place preaddressed label here; otherwise print or type.)

State and Date of Incorporation

RICHARDSVILLE GAS COMPANY, INC.

KY 5/15/1977

Number and Street

Principal Business Activity in KY

P. O. BOX 9675

GAS SALES

City

State

ZIP Code

Telephone Number

NAICS Code Number (Relating to Kentucky Activity) (See www.census.gov)

BOWLING GREEN, KY 42102-9675

270 842-9427

**D** Name of Common Parent

Kentucky Corporation Account Number

221210

**E** Check if applicable:  No packet required for 2007

Initial return

Final return (attach explanation)

Short-period return (attach explanation)

Change of name

Change of address

**PART I - TAXABLE INCOME COMPUTATION**

**PART II - TAX COMPARISON**

1 Federal taxable income (Form 1120, line 28; Form 1120A, line 24)	-1191.
<b>ADDITIONS:</b>	
2 Interest income (state and local obligations)	
3 State taxes based on net/gross income	
4 Depreciation adjustment	
5 Deductions attrib to nontaxable income	
6 Related party expenses	
7 Pass-through loss(es) from other corp(s) subject to KY corporation income tax	
8 Domestic production activities deduction	
9 Other (attach schedule)	
10 Total (add lines 1 through 9)	-1191.
<b>SUBTRACTIONS:</b>	
11 Interest income (U.S. obligations)	
12 Dividend income	
13 Federal work opportunity credit	
14 Depreciation adjustment	
15 Pass-through income from other corp(s) subject to KY corporation income tax	
16 Other (attach schedule)	
17 Net income (line 10 less lines 11 through 16)	-1191.
18 Current net operating loss adjustment (mandatory nexus only)	
19 Kentucky net income (add lines 17 and 18)	-1191.
20 Taxable net income (attach Sch A if applicable)	-1191.
21 Net operating loss deduction (NOLD)	
22 Taxable net income after NOLD (line 20 less line 21)	-1191.
23 Kentucky domestic production activities deduction (KDPAD)	
24 Taxable net income after KDPAD	-1191.

1 Income tax from Part I (multiply line 24 by rates)(see instructions)	
2 Alternative minimum (AMC)	0.
<b>PART III - TAX COMPUTATION</b>	
1 Tax liability (Part II, greater of line 1, line 2 or \$175 minimum)	175.
2 Recycling/composting equipment tax credit recapture	
3 Total (add lines 1 and 2)(if \$175 minimum, skip line 4 and enter on line 5)	175.
4 Total credits	
5 Net tax liability (line 3 less line 4) (\$175 minimum)	175.
6 Estimated tax payments	
<input type="checkbox"/> Check if Form 2220-K attached	
7 Extension tax payment	
8 Prior year's credit	
9 Tax due (line 5 less lines 6 through 8)	175.
10 Tax overpayment (lines 6 through 8 less line 5)	
11 Credited to 2007	
12 Amount to be refunded (line 10 less line 11)	

► Federal Form 1120, pages 1, 2 and 4, or 1120A, pages 1 and 2, and any supporting schedules must be attached.

Make check(s) payable to: Kentucky State Treasurer

Mail return with payment to: Kentucky Department of Revenue  
Frankfort, Kentucky 40620

**TAX PAYMENT SUMMARY (Round to Nearest Dollar)**

TAX (check applicable box)	<input type="checkbox"/> Income	<input type="checkbox"/> AMC Gross Receipts	<input type="checkbox"/> AMC Gross Profits	<input checked="" type="checkbox"/> Minimum \$175
Tax	175.			
Penalty				
Interest				
<b>TOTAL (Including Penalty and Interest)</b>	<b>175.</b>			



**SCHEDULE Q - KENTUCKY CORPORATION QUESTIONNAIRE**

**IMPORTANT:** Questions 4 - 14 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal ID number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1 Indicate whether: (a)  new business; (b)  successor to previously existing business which was organized as: (1)  corporation; (2)  partnership; (3)  sole proprietorship; or (4)  other \_\_\_\_\_

If successor to previously existing business, give name, address and federal ID number of the previous business organization. \_\_\_\_\_

2 List the following **Kentucky** account numbers. Enter N/A for any number not applicable.  
 Employer Withholding \_\_\_\_\_  
 Sales and Use Tax Permit \_\_\_\_\_  
 Consumer Use Tax \_\_\_\_\_  
 Unemployment Insurance \_\_\_\_\_  
 Coal Severance and/or Processing Tax \_\_\_\_\_

3 If a foreign corporation, enter the date qualified to do business in Kentucky \_\_\_\_\_

4 The corporation's books are in care of: (name and address) C/O COMPANY

5 Are disregarded entities included in this return?  
 Yes  No. If yes, list name, address and federal I.D number of the entity. \_\_\_\_\_

6 Is the corporation a partner in a general partnership(s) doing business in Kentucky?  Yes  No  
 If yes, attach schedule listing name and federal ID number of the general partnership(s). \_\_\_\_\_

Was the corporation doing business in Kentucky, outside of its interest in a general partnership?  Yes  No

7 Are related party costs made to related members as defined in KRS 141.205(1)(l) included in this return?  Yes  No. If yes, list name, federal ID and/or Kentucky corporation account number of the individual or entity. \_\_\_\_\_

8 Is the net distributive income (loss) received from a corporation subject to the tax imposed by KRS 141.040 included in this return?  Yes  No. If yes, list name, federal ID and Kentucky account number of the corporation. \_\_\_\_\_

**Caution:** If the corporation elected to file a consolidated income tax return for tax years beginning prior to January 1, 2005, skip questions 9 and 10 and go to question 11.

9 Did the corporation at any time during the taxable year do business in Kentucky and own 80 percent or more of the voting stock of another corporation doing business in Kentucky?  Yes  No. If yes, list name, address and federal ID number of the entity. \_\_\_\_\_

10 Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year?  Yes  No. If yes, list name, address and federal ID number of the entity. \_\_\_\_\_

11 Was this return prepared on: (a)  cash basis, (b)  accrual basis, (c)  other \_\_\_\_\_

12 Is the corporation a public service corporation subject to taxation under KRS 136.120?  Yes  No

13 Did the corporation file a Kentucky tangible personal property tax return for January 1, 2007?  Yes  No

14 Is the corporation currently under audit by the Internal Revenue Service?  Yes  No. If yes, enter years under audit. \_\_\_\_\_

If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this department, check here  and file Form 720X, Form 720XX or Form 720-Amended, whichever is applicable, for each year adjusted and attach a copy of the final determination.

**OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)**

Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.

Has this officer information attached changed from the last return filed?  Yes  No

President's Name GLENN MILLER President's Home Address 2722 RUSSELLVILLE ROAD  
 President's Social Security Number [REDACTED] BOWLING GREEN, KY 42101

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

\_\_\_\_\_ Date \_\_\_\_\_  
 Signature of principal officer or chief accounting officer

Hilliard & Fisher, CPA'S \_\_\_\_\_  
 Name and Social Security or federal identification number of person or firm preparing return

May the Department of Revenue discuss this return with the preparer?  
 Yes  No

E-mail Address: \_\_\_\_\_

**SCHEDULE AMC**

41A720AMC (10-06)

Commonwealth of Kentucky  
DEPARTMENT OF REVENUE



Taxable Year Ending

12 / 06

Mo. Yr.

**ALTERNATIVE MINIMUM CALCULATION**

**KRS 141.040(11) and (12)  
Regulation 103 KAR 16:220**

▶ See instructions.

▶ Attach to Form 720, Form 720S, Form 725 or Form 765.

Name of Corporation <b>RICHARDSVILLE GAS COMPANY, INC.</b>	Kentucky Corporation Account Number <b>028382</b>
---	--

**Section A – Computation of Gross Receipts and Gross Profits**

		Column A Kentucky	Column B Total
1	Gross receipts.....	10236.	10236.
2	Returns and allowances.....		
3	Gross receipts after returns and allowances (line 1 minus line 2).....	10236.	10236.
4	Cost of goods sold.....	4773.	4773.
5	Gross profits (line 3 minus line 4).....	5463.	5463.

**Section B – Computation of Gross Receipts AMC**

1	If gross receipts from all sources (Column B, line 3) are \$3,000,000 or less, <b>STOP</b> and enter -0- on Section D, line 1, and on Part II, line 2, of applicable form (Form 720, Form 720S, Form 725 or Form 765).....	1	
2	If gross receipts from all sources (Column B, line 3) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 3 x 0.00095) – $\left[ \$2,850 \times \frac{(\$6,000,000 - \text{Column A, line 3})}{\$3,000,000} \right]$ but in no case shall the result be less than zero.....	2	
3	If gross receipts from all sources (Column B, line 3) are \$6,000,000 or greater, enter the following: Column A, line 3 x 0.00095.....	3	
4	Enter the amount from line 2 or line 3.....	4	0.

**Section C – Computation of Gross Profits AMC**

1	If gross profits from all sources (Column B, line 5) are \$3,000,000 or less, <b>STOP</b> and enter -0- on Section D, line 1, and on Part II, line 2, of applicable form (Form 720, Form 720S, Form 725 or Form 765).....	1	
2	If gross profits from all sources (Column B, line 5) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) – $\left[ \$22,500 \times \frac{(\$6,000,000 - \text{Column A, line 5})}{\$3,000,000} \right]$ but in no case shall the result be less than zero.....	2	
3	If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075.....	3	
4	Enter the amount from line 2 or line 3.....	4	0.

**Section D – Computation of AMC**

1	Enter the lesser of Section B, line 4 or Section C, line 4 on this line and on Part II, line 2 of the applicable form (Form 720, Form 720S, Form 725 or Form 765).....	1	0.
---	--	---	----

Draft 2005

**Class C and D Gas Utility**

ANNUAL REPORT

OF

Richardsville Gas Co., Inc

Exact Legal Name of Reporting Utility

P.O. Box 9675, 110 E. Campbell Ln.

Bowling Green, KY 42102

(Address of Utility)

TO THE

**PUBLIC SERVICE COMMISSION**

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2005

PUBLIC SERVICE COMMISSION OF KENTUCKY  
PRINCIPAL PAYMENT AND INTEREST INFORMATION  
FOR THE YEAR ENDING DECEMBER 31, 2005

1. Amount of Principal Payment during calendar year \$ 1,746.33

2. Is Principal current? (Yes)  (No)

3. Is Interest current? (Yes)  (No)

4. Has all long-term debt been approved by the Public Service  
Commission?

Yes  No  PSC Case Number \_\_\_\_\_

SERVICES PERFORMED BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?  
(Yes) \_\_\_\_\_ (No)

If yes, which service was performed?

Audit \_\_\_\_\_

Compilation \_\_\_\_\_

Review \_\_\_\_\_

Please enclose a copy of the accountant's report with the annual report.

Additional Information Required by Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments

Case #	Date of Order		Item/Explanation

Attach additional sheets if more room is needed

GENERAL INFORMATION

1. Give the location, including street & number and telephone number, including the area code, of the principal office in Kentucky.

110 E. Campbell Lane, Bowling Green, KY 42101  
270-842-9427

2. Name, title, address and telephone number, including area code, of the Person to be contacted concerning this report.

Jean Miller, 110 E Campbell Ln, Bowling Green, KY  
270-842-9427 42101

3. Name and title of officer having custody of the books of account, address of office and telephone number, including area code, where the books of account are kept.

P. Glenn Miller, 110 E Campbell Ln, Bowling Green, KY  
270-842-9427

4. Name of State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law.

KY 5-17-1977

5. If the respondent controls or is controlled by any other corporation, business trust, or similar organization, give a concise explanation of the manner and extent of control.

6. Give the names and addresses of the ten major stockholders of the respondent and the voting powers of each at the end of the year.

P. Glenn Miller - President

7. Give the number of employees: Full-time 0 Part-time: 0

8. Name of City, Town, Community and County in which you furnish gas service and the number of customers in each.

Richardsville, KY Warren County 51

PRINCIPAL OFFICERS

Line No.	Title	Name of Officer or Director	Principal Business Address	Annual Salary And/or Fee
1	President	P. Glenn Miller	110 E Campbell Ln	0
2			Bowling Green, KY 42101	
3				
4				
5				
6				
7				
8				
9				
10				



Page 1 of 2  
AUDIT OF THE ANNUAL REPORT  
GAS COMPANIES

<u>Page No.</u>	<u>Line No.</u>		<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
1	3	agrees with	3	12	✓		
1	4	agrees with	3	15	✓		
1	5	agrees with	3	16	✓		
2	2 & 3	agrees with	6	Capital Stock (f)	✓		
2	8	agrees with	8	Account 216 Balance End of Year (b)	✓		
2	16	agrees with	7	Long Term Debt Total (d)	✓		
2	24	agrees with	7	Notes Payable Total (e)	✓		
2	30	agrees with	7	Interest Accrued Total (e)	✓		
2	31	agrees with	8	Misc. Current and Accrued Liabilities	✓		
3	1	agrees with	5	39(f)	✓		
3	15	agrees with	3	34	✓		
3	15	agrees with	6	25	✓		
9	5	agrees with	13	(f)	✓		
9	15	agrees with	11	26	✓		
9	17	agrees with	12	Total Amortization Expense	✓		
9	18	agrees with	12	Account 408.1	✓		
9	19	agrees with	12	Total Income Taxes - Utility Operating Income	✓		
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)	✓		

Page 2 of 2  
AUDIT OF THE ANNUAL REPORT  
GAS COMPANIES

<u>Page No.</u>	<u>Line No.</u>		<u>Page No.</u>	<u>Line No.</u>	<u>Yes</u>	<u>No</u>	<u>If No, Explain Why</u>
9	32	agrees with	7	Interest Accrued Other (c)	✓		
9	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	✓		
9	37	agrees with	12	Account 408.2	✓		
9	39	agrees with	8	Balance Transferred From Income (433)	✓		
10	5	agrees with	14	(j)	✓		
10	6	agrees with	14	(j)	✓		
14	(j)	agrees with	15	3 & 4 (b)	✓		
15	9	agrees with	15	20	✓		
15	11	agrees with	9	6(c)	✓		
Principal Payment Page has been completed					✓		
Oath Page has been completed					✓		

## BALANCE SHEET

Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
1	PROPRIETARY CAPITAL		
2	Common Stock Issued (201)	644	
3	Preferred Stock Issued(204)		
4	Misc. Paid-In Capital (211)		
5	Discount on Capital Stock (213)		
6	Capital Stock Expense (214)		
7	Appropriated Retained Earnings (215)		
8	Unappropriated Retained Earnings (216)	(3,251.16)	(4,063.11)
9	Reacquired Capital Stock (217)		
10	Total Proprietary Capital	(2,607.16)	(3,419.11)
11			
12	LONG-TERM DEBT		
13	Bonds (221)		
14	Advances From Associated Companies (223)		
15	Other Long-Term Debt (224)		
16	Total Long-Term Debt		
17	OTHER NONCURRENT LIABILITIES		
18	Accum. Provision for Property Insurance (228.1)		
19	Accum. Provision for Injuries and Damage (228.2)		
20	Accum. Provision for Pensions and Benefits(228.3)		
21	Accum. Miscellaneous Operating Provisions (228.4)		
22	Total Other Noncurrent Liabilities		
23	CURRENT AND ACCRUED LIABILITIES		
24	Notes Payable (231)	47,958.39	47,412.06
25	Accounts Payable (232)	4,848.42	3,690.60
26	Notes Payable to Associated Companies (233)		
27	Accounts Payable to Associated Companies (234)		
28	Customer Deposits (235)		
29	Taxes Accrued (236)		
30	Interest Accrued (237)		
31	Misc. Current and Accrued Liabilities (242)	423.60	423.60
32	Total Current and Accrued Liabilities	53,230.41	51,526.26
33	DEFERRED CREDITS		
34	Customer Advances for Construction (252)		
35	Other Deferred Credits (253)		
36	Accum. Deferred Investment Tax Credits (255)		
37	Accum. Deferred Income Taxes (281-283)		
38	Total Deferred Credits		
39			
40	TOTAL LIABILITIES AND OTHER CREDITS	50,623.25	48,107.15

ANALYSIS OF GAS UTILITY PLANT AND ACCUMULATED  
PROVISIONS FOR DEPRECIATION, DEPLETION AND AMORTIZATION

Line No.	Acct. No.	Item	Amount
1	101	Gas Plant in Service-Classified (From Page 5, Line 39(f))	27,698.36
2	101.1	Property Under Capital Leases	
3	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5		Total	
6	104	Gas Plant Leased to Others	
7	105	Gas Plant Held for Future Use	
8	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11			
12		Total Utility Plant (Forward to Page 1, line 3)	27,698.36
13		Less:	
	108	Accum. Prov. For Depreciation of Gas Utility Plant	
14	111	Accum. Prov. for Amortization and Depletion of Gas Utility Plant	
15		Total (Forward to Page 1, line 4)	22,274.56
16		Net Utility Plant (Forward to Page 1, line 5)	5,423.80
DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS UTILITY PLANT			
17		In Service:	
19		Depreciation	22,274.56
20		Depletion	
21		Amortization	
22		Total - In Service	
23		Leased to Others:	
24		Depreciation	
25		Depletion	
26		Amortization	
27		Total - Leased to Others	
28		Held for Future Use:	
29		Depreciation	
30		Depletion	
31		Amortization	
32		Total - Held for Future Use	
33		Amortization of Gas Plant Acquisition Adjustments	
34		TOTAL ACCUMULATED PROVISIONS (Same as line 15, above)	22,274.56
NOTES TO BALANCE SHEET			
This space is provided for important notes regarding the balance sheet			

## GAS UTILITY PLANT IN SERVICE

Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column (c) or column (d), as they are corrections of additions or retirements

Line No.	Account (a)	Balance First of Year (b)	Additions (c)	Retirements (d)
1	Intangible Plant - Account 301-303 (Attach Schedule)			
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)			
3	TRANSMISSION PLANT Land and Land Rights (365.1)			
4	Rights-Of-Way (365.2)			
5	Structures and Improvements (366)			
6	Mains (367)			
7	Compressor Station Equipment (368)			
8	Measuring and Regulating Station Equipment (369)			
9	Communication Equipment (370)			
10	Other Equipment (371)			
11	Total Transmission Plant			
12	DISTRIBUTION PLANT Land and Land Rights (374)			
13	Structures and Improvements (375)			
14	Mains (376)			
15	Compressor Station Equipment (377)			
16	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gate (379)			
18	Services (380)			
19	Meters (381)			
20	Meter Installations (382)			
21	House Regulators (383)			
22	House Regulator Installations (384)			
23	Industrial Measuring & Regulating Station Equipment (385)			
24	Other Property on Customers Premises (386)			
25	Other Equipment (387)			
26	Total Distribution Plant			
27	GENERAL PLANT Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)			
30	Transportation Equipment (392)			
31	Stores Equipment (393)			
32	Tools, Shop and Garage Equipment (394)			
33	Laboratory Equipment (395)			
34	Power Operated Equipment (396)			
35	Communication Equipment (397)			
36	Miscellaneous Equipment (398)	27,698.36	-	
37	Other Tangible Property (399)			
38	Total General Plant			
39	TOTAL GAS PLANT IN SERVICE	27,698.36	-	

Page 2 of 2		GAS UTILITY PLANT IN SERVICE	
Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column (c) or column (d), as they are corrections of additions or retirements			
Line No.	Account (a)	Adjustments (+ or -) (e)	Balance End of Year (f)
1	Intangible Plant - Account 301-303 (Attach Schedule)		
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)		
3	<b>TRANSMISSION PLANT</b> Land and Land Rights (365.1)		
4	Rights-Of-Way (365.2)		
5	Structures and Improvements (366)		
6	Mains (367)		
7	Compressor Station Equipment (368)		
8	Measuring and Regulating Station Equipment (369)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
12	<b>DISTRIBUTION PLANT</b> Land and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)		
15	Compressor Station Equipment (377)		
16	Measuring and Regulating Station Equipment - General (378)		
17	Measuring & Regulating Station Equipment - City-Gate (379)		
18	Services (380)		
19	Meters (381)		
20	Meter Installations (382)		
21	House Regulators (383)		
22	House Regulator Installations (384)		
23	Industrial Measuring & Regulating Station Equipment (385)		
24	Other Property on Customers Premises (386)		
25	Other Equipment (387)		
26	Total Distribution Plant		
27	<b>GENERAL PLANT</b> Land and Land Rights (389)		
28	Structures and Improvements (390)		
29	Office Furniture and Equipment (391)		
30	Transportation Equipment (392)		
31	Stores Equipment (393)		
32	Tools, Shop and Garage Equipment (394)		
33	Laboratory Equipment (395)		
34	Power Operated Equipment (396)		
35	Communication Equipment (397)		
36	Miscellaneous Equipment (398)		
37	Other Tangible Property (399)		27,698,36
38	Total General Plant		
39	<b>TOTAL GAS PLANT IN SERVICE</b>		27,698,36



LONG-TERM DEBT					
List Each Original Issue Amt., Class & Series of Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest Expense For The Year	
				Rate (e)	Amount (f)
Total					

NOTES PAYABLE				
Name of Payee (a)	Date of Note (b)	Date of Maturity (c)	Interest Rate (d)	Balance End of Year (e)
South Central Bank				26,512.08
Miller Eureka Co				5,700.00
Miller's Bottled Gas Inc				15,194.98
Total				47,412.06

INTEREST ACCRUED				
Description of Obligation (a)	Int.Accr. Balance First of Year (b)	Int. Accr. During Year (c)	Int. Paid During Year (d)	Interest Accrued Balance End of Year (e)
Long Term Debt:	—	—	—	—
Note Payable:				
South Central Bank	0 -	2,459.80	2,459.80	0 -
Customer Deposits:				
Other:				
Total	0 -	2,459.80	2,459.80	0 -



## MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES

Sub-Account and Description	Amount
Payable To shareholders	423.60
Total	423.60

## STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216):		
Balance Beginning of Year	(3,251.16)	706.53
Balance Transferred From Income (433)	6811.95	(3957.69)
Misc. Credits (Specify Account Number & Title):		
Total Credits to Unappropriated Retained Earnings		
Dividends Declared-Preferred Stock (437)		
Dividends Declared-Common Stock (438)		
Miscellaneous Debits: (Specify Account Number & Title):		
Adjustments to Retained Earnings (439) (Describe)		
Total Debits to Unappropriated Retained Earnings		
Net Addition to Unappropriated Retained Earnings	(811.95)	(3,957.69)
Balance End of Year	(4,063.11)	(3,251.16)

STATEMENT OF INCOME FOR THE YEAR				
Line No	Account (a)	Average No. Customers (b)	MCF of Nat. Gas Sold (c)	Amount (d)
<b>OPERATING REVENUES</b>				
1	Residential Sales (480)	46	3176	7,971.00
2	Commercial and Industrial Sales (481)	5	515	1,286.50
3	Interdepartmental Sales (484)	51	3691	9,207.50
4	Total Sales to Ultimate Consumers			
5	Sales for Resale (483)			
6	Total Gas Service Revenues	51	3691	9,207.50
<b>OTHER OPERATING REVENUES</b>				
7	Forfeited Discounts (487)			
8	Miscellaneous Service Revenues (488)			1,575.75
9	Revenues From Transportation of Gas of Others (489)			
10	Revenues From Natural Gas Processed by Others (491)			
11	Rent From Gas Property (493)			
12	Other Gas Revenues (495)			
13	Total Other Operating Revenues			1,575.75
14	Total Gas Operating Revenues			10,783.25
<b>OPERATING EXPENSES</b>				
15	Total Gas Operation & Maintenance Expenses (from page 11, line 26)			6,097.58
16	Depreciation Expense (403)			2,213.56
17	Amortization Expense (404-407) (from page 12)			
18	Taxes Other Than Income Taxes (408.1) (from page 12)			
19	Total Income Taxes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from page 12)			
20	Total Gas Operating Expenses			9,135.40
21	Net Operating Income			1,647.85
<b>OTHER INCOME</b>				
22	Other Nonutility Income - Net (415-418)			
23	Interest and Dividend Income (419)			
24	Miscellaneous Nonoperating Income (421)			
25	Other Accounts (Specify Account Number and Title):			
26				
27				
28	Total Other Income			
<b>OTHER DEDUCTIONS</b>				
29	Interest on Long-Term Debt (427)			
30	Amortization of Debt Discount and Expense (428)			
31	Other Nonutility Deductions (426.1 - 426.5)			
32	Other Interest Expense (431)			2,459.80
33	Total Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 411.5) (from Page 12)			
34	Other Accounts (Specify Account Number and Title):			
35				
36				
37	Taxes Other Than Income Taxes (408.2) (from Page 12)			824.76
38	Total Other Deductions			2,459.80
39	NET INCOME			6,810.95

GAS OPERATION AND MAINTENANCE EXPENSES		
Line No.	Account (a)	Amount (b)
	<b>MANUFACTURED GAS PRODUCTION</b>	
1	Total-Account 710-742 (Attach Schedule by Accounts)	0
	<b>NATURAL GAS PRODUCTION EXPENSES</b>	
2	Total-Account 750-791 (Attach Schedule by Accounts)	
	<b>EXPLORATION AND DEVELOPMENT EXPENSES</b>	
3	Total-Account 795-798 (Attach Schedule by Accounts)	
	<b>STORAGE EXPENSES</b>	
4	Total-Account 814-843 (Attach Schedule by Accounts)	
	<b>OTHER GAS SUPPLY EXPENSES</b>	
5	Natural Gas City Gate Purchases (804)	
6	Other Gas Purchases (805)	
7	Purchased Gas Cost Adjustments (805.1)	
8	Purchased Gas Expenses (807)	3,690.60
9	Gas Withdrawn From Storage - Debit (808.1)	
10	Gas Delivered to Storage - Credit (808.2)	
11	Gas Used For Other Utility Operations - Credit (812)	
12	Other Gas Supply Expenses (813)	
13	Total Other Gas Supply Expenses	3,690.60
	<b>TRANSMISSION EXPENSES</b>	
14	Operation Supervision and Engineering (850)	
15	Compressor Station Labor and Expenses (853)	
16	Measuring and Regulating Station Expenses (857)	
17	Transmission and Compression of Gas by Others (858)	
18	Rents (860)	
19	Maintenance of Mains (863)	
20	Maintenance of Compressor Station Equipment (864)	
21	Total Transmission Expenses	
	<b>DISTRIBUTION EXPENSES</b>	
22	Operation Supervision and Engineering (870)	
23	Compressor Station Labor and Expenses (872)	
24	Mains and Services Expenses (874)	
25	Measuring and Regulating Station Expenses (875)	
26	Meter and House Regulator Expenses (878)	
27	Other Expenses (880)	
28	Rents (881)	
29	Maintenance Supervision and Engineering (885)	
30	Maintenance of Mains (887)	
31	Maintenance of Services (892)	
32	Maintenance of Meters and House Regulators (893)	
33	Maintenance of Other Equipment (894)	
34	Total Distribution Expenses	

GAS OPERATION AND MAINTENANCE EXPENSES (Con't.)		
Line No.	Account (a)	Amount (b)
CUSTOMER ACCOUNTS EXPENSE		
1	Meter Reading Expenses (902)	
2	Customer Records and Collection Expenses (903)	
3	Uncollectible Accounts (904)	
4	Total Customer Accounts Expense	
5		
CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
6	Miscellaneous Customer Service and Informational Expenses (910)	
ADMINISTRATIVE AND GENERAL EXPENSES		
7	Administrative and General Salaries (920)	
8	Office Supplies and Expenses (921)	214.67
9	Administrative Expenses Transferred - Credit (922)	
10	Outside Services Employed (923)	2,192.31
11	Property Insurance (924)	
12	Injuries and Damages (925)	
13	Employee Pensions and Benefits (926)	
14	Franchise Requirements (927)	
15	Regulatory Commission Expenses (928)	
16	Duplicate Charges - Credit (929)	
17	General Advertising Expenses (930.1)	
18	Miscellaneous General Expenses (930.2)	
19	Rents (931)	
20	Maintenance of General Plant (932)	
21	Total Administrative and General Expenses	2,406.98
22	Professional fees	4600.
23	Utilities	592.31
24		
25		
26	TOTAL GAS OPERATION AND MAINTENANCE EXPENSES (to Page 9, Line 15)	6,097.58
NUMBER OF CUSTOMERS End of Year		
Residential (480)		
Commercial and Industrial (481)		
Interdepartmental Sales (484)		
Total - Ultimate Customer		
Sales for Resale (483)		
Total Gas Service Customers		

### TAXES OTHER THAN INCOME TAXES (408)

Show hereunder the various tax items which make up the amounts listed under  
Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37.

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	-
2	Public Service Commission Assessment	
3	Other (Specify):	
4	Property Taxes	824.26
5	License	
6		
7		
8		
9	Total (Same as page 9, lines 18 and 37)	824.26
<b>OPERATING AND NONOPERATING INCOME TAXES</b>		
Acct. No.	Account (a)	Amount (b)
409.1	Income Taxes, Utility Operating Income – Federal	
409.1	Income Taxes, Utility Operating Income – State	
409.1	Income Taxes, Utility Operating Income – Other	
410.1	Provision for Deferred Income Taxes, Utility Operating Income	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4	Investment Tax Credit Adjustments, Utility Operations	
	Total Income Taxes - Utility Operating Income (to page 9, line 19)	
409.2	Income Taxes, Other Income & Deductions – Federal	
409.2	Income Taxes, Other Income & Deductions – State	
409.2	Income Taxes, Other Income & Deductions – Other	
410.2	Provision for Deferred Income Taxes, Other Income & Deductions	
411.2	Provision for Deferred Income Taxes – Credit, Other Income & Deductions	
411.5	Investment Tax Credit Adjustments, Nonutility Operations	
	Total Income Taxes – Nonutility Operating Inc. (to page 9, line 33)	
<b>AMORTIZATION EXPENSE</b>		
Acct. No.	Account (a)	Amount (b)
404.1	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense (Same as page 9, line 17)	

**SALES FOR RESALE - NATURAL GAS (Account 483)**

1. Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
2. Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured gas.
3. Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.
4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.
5. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.
6. Designate if BTU per cubic foot of gas is different for any delivery point from that shown in the heading of column (d).

Name of Other Gas Utility (Designate Associated Co) (a)	Point of Delivery (b)	FERC Tariff Rate Sch. Design (c)	Approx. BTU per Cubic Foot (d)	MCF of Gas Sold (14.73 PSIA 60 F) (e)	Revenue for Year (see #5, above) (f)	Average Revenue per MCF (g)

GAS PURCHASES (Accounts 804 and 805)

1. Report particulars of gas purchases during the year. 2. Natural gas for the purpose of classification herein is either natural gas unmixed, or any mixture of natural and manufactured gas. 3. Provide subheadings and totals for prescribed accounts 804-Natural Gas City Gate Purchases, and 805 - Other gas Purchases. 4. Where purchases are from unitized fields, or vendor is a partnership or joint interest arrangement, specify such fact in column (a) and give name of unit operator, principal partner, or largest owner of joint interest, as approp. 5. For well head and field line purchases indicate the gas field or production area, county and state. 6. Field purchases of less than \$25,000 per year from individual non-associated vendors may be grouped by fields or production areas. Show numbers of purchases so grouped. 7. Show in column (c) the Seller's FERC rate schedule designation and date of contract, including such designations for purchases from independent producers. Intrastate purchases for which there is no required filing of a FERC rate schedule shall be specified "intrastate", and dates of contracts shown. If for any purchases more than one rate schedule was in effect during the year, show the most recent rate schedule designation and in a footnote give superseded rate schedules and date of supersession, or a succinct explanation. The Operator's rate schedule designation is sufficient in cases where there are no co-owners under the same purchase contract, but the entire volume of gas and amount, columns (h) and (i) must be shown for the purchase under the particular contract. Rate schedule designations are not required with respect to small purchases grouped as permitted in instruction 6.

Name of Vendor (Designate Associated Companies) (a)	Point of Receipt (b)	Seller's FERC Rate Schedule Designation and Date of Contract (c)	Check Appropriate Class				Approx. BTU per Cubic Foot (h)	MCF of Gas 14.73 PISA 60 F (i)	Amount (j)	Avg. Amt. per MCF (cents) (k)
			Well Mouth (d)	Field Line (e)	Gasoline Plant Outlet (f)	Other (g)				
Underwood Development Jemy Underwood Melvin Underwood OUC Mark Young	Well head						3,691		1.00	

## GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	Item (a)	MCF (14.73 PSIA at 60 F) (b)
	<b>GAS RECEIVED</b>	
1	Natural Gas Produced	0
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	3691
4	Other Gas Purchases (Account 805)*	
5	Other Receipts (Specify):	
6		
7		
8		
9	Total Receipts	
10		
	<b>GAS DELIVERED</b>	
11	Natural Gas Sales (same as page 9, column (c), line 6)	3691
12	Other Deliveries (specify):	
13		
14		
15		
16	Total Deliveries	3691
17		
18	Unaccounted for Gas	
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	

\* This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas



COPY

OMB No. 1545-0123

Form 1120 Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return For calendar year 2005 or tax year beginning 2005, ending 2005 See separate instructions.

2005

A Check if: 1 Consolidated return (attach Form 851) 2 Personal holding company (attach Schedule PH) 3 Personal service corp (see instructions) 4 Schedule M-3 required (attach Sch M-3) Use IRS label. Otherwise, print or type. RICHARDSVILLE GAS COMPANY, INC. P. O. BOX 9675 BOWLING GREEN, KY 42102-9675 B Employer identification number C Date incorporated 5/15/1977 D Total assets (see instructions) \$ 48,107.

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

INCOME Table with columns: Line, Description, Amount. Rows 1-11 including Gross receipts or sales (10,783), Less returns & allowances, Balance (10,783), Cost of goods sold (3,691), Gross profit (7,092), Dividends, Interest, Gross rents, Gross royalties, Capital gain net income, Net gain or (loss) from Form 4797, Part II, line 17, Other income, Total income (7,092).

DEDUCTIONS SEE INSTRUCTIONS Table with columns: Line, Description, Amount. Rows 12-29 including Compensation of officers, Salaries and wages, Repairs and maintenance, Bad debts, Rents, Taxes and licenses, Interest, Charitable contributions, Depreciation (2,214), Less depreciation claimed, Depletion, Advertising, Pension, profit-sharing, etc, plans, Employee benefit programs, Domestic production activities deduction, Other deductions (See Statement 1), Total deductions (7,904), Taxable income before net operating loss deduction and special deductions (-812), Less: a Net operating loss deduction, b Special deductions (Schedule C, line 20).

TAX AND PAYMENTS Table with columns: Line, Description, Amount. Rows 30-36 including Taxable income (-812), Total tax (0), Payments: a 2004 overpayment credited to 2005, b 2005 estimated tax payments, c Less 2005 refund applied for on Form 4466, d Bal (0), e Tax deposited with Form 7004, f Credits: (1) Form 2439, (2) Form 4136, Estimated tax penalty, Tax due (0), Overpayment, Enter amount of line 35 you want: Credited to 2006 estimated tax (Refunded).

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. May the IRS discuss this return with the preparer shown below? (see inst) [X] Yes [ ] No Signature of officer Date Title

Paid Preparer's Use Only Preparer's signature: KEITH A HILLIARD, CPA Date: 5/25/06 Check if self-employed Preparer's SSN or PTIN: Firm's Name (or yours if self-employed), address, and ZIP code: Hilliard & Fisher, CPA'S P.O. Box 1400 Bowling Green, KY 42102-1400 EIN: Phone no:



**Schedule J Tax Computation** (see instructions)

1 Check if the corporation is a member of a controlled group  **Important:** Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_  
 b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) \$ \_\_\_\_\_

3 Income tax. Check if a qualified personal service corporation (see instructions)  **3** 0.

4 Alternative minimum tax (attach Form 4626) **4**

5 Add lines 3 and 4 **5** 0.

6a Foreign tax credit (attach Form 1118) **6 a**

6b Possessions tax credit (attach Form 5735) **6 b**

6c Credits from:  Form 8834  Form 8907, line 23 **6 c**

6d General business credit. Check box(es) and indicate which forms are attached.  
 Form 3800  Form(s) (specify) **6 d**

6e Credit for prior year minimum tax (attach Form 8827) **6 e**

6f Bond credits from:  Form 8860  Form 8912 **6 f**

7 Total credits. Add lines 6a through 6f **7**

8 Subtract line 7 from line 5 **8**

9 Personal holding company tax (attach Schedule PH (Form 1120)) **9**

10 Other taxes.  Form 4255  Form 8611  Form 8697  
 Check if from:  Form 8866  Form 8902  Other (att schedule) **10**

11 Total tax. Add lines 8 through 10. Enter here and page 1, line 31. **11** 0.

**Schedule K Other Information** (see instructions)

	Yes	No		Yes	No
1 Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____					
2 See the instructions and enter the: a Business activity code no. <u>221210</u> b Business activity <u>SALES</u> c Product or service <u>NATURAL GAS</u>					
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		X	7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If 'Yes,' enter: (a) Percentage owned _____ and (b) Owner's country _____		X
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If 'Yes,' enter name and EIN of the parent corporation _____		X	c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter % owned <u>100.0%</u> <u>See Statement 2</u>	X		8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If 'Yes,' file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		X	9 Enter the amount of tax-exempt interest received or accrued during the tax year. <u>None</u>		
			10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) <u>1</u>		
			11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input checked="" type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
			12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <u>None</u>		
			13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. <u>None</u>	X	

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash		111.		840.
2a	Trade notes and accounts receivable	2,388.		1,357.	
b	Less allowance for bad debts		2,388.		1,357.
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule). See St. 3		647.		647.
7	Loans to shareholders		9,740.		9,740.
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	57,698.		57,698.	
b	Less accumulated depreciation	20,061.	37,637.	22,275.	35,423.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (attach schedule). See St. 4		100.		100.
15	Total assets		50,623.		48,107.
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable		4,848.		3,691.
17	Mortgages, notes, bonds payable in less than 1 year		1,684.		1,850.
18	Other current liabilities (attach sch). See St. 5		19,695.		20,895.
19	Loans from shareholders		424.		424.
20	Mortgages, notes, bonds payable in 1 year or more		26,579.		24,666.
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
b	Common stock	644.	644.	644.	644.
23	Additional paid-in capital				
24	Retained earnings — Approp (att sch)				
25	Retained earnings — Unappropriated		-3,251.		-4,063.
26	Adjmnt to shareholders' equity (att sch)				
27	Less cost of treasury stock				
28	Total liabilities and shareholders' equity		50,623.		48,107.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)					
1	Net income (loss) per books	-812.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contribns \$	
c	Travel & entertainment \$				
			9	Add lines 7 and 8	0.
6	Add lines 1 through 5	-812.	10	Income (page 1, line 28) — line 6 less line 9	-812.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)					
1	Balance at beginning of year	-3,251.	5	Distributions: a Cash	
2	Net income (loss) per books	-812.	b	Stock	c Property
3	Other increases (itemize):		6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-4,063.	8	Balance at end of year (line 4 less line 7)	-4,063.

**Depreciation and Amortization**  
**(Including Information on Listed Property)**

**2005**

Attachment  
Sequence No. **67**

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return  
**RICHARDSVILLE GAS COMPANY, INC.**

Identifying number  
[REDACTED]

Business or activity to which this form relates

Form 1120

**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$105,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$420,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	105,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	2,232.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	0.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0.
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	2,232.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property (other than listed property) placed in service during the tax year (see instrs)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	2,214.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

**Section B — Assets Placed in Service During 2005 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

**Section C — Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

**Part IV Summary** (see instructions)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	2,214.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Client 18558

RICHARDSVILLE GAS COMPANY, INC.

5/24/06

11:26AM

Statement 1  
Form 1120, Line 26  
Other Deductions

Legal and Professional.....	\$	1,600.
Office Expense.....		214.
Utilities.....		592.
	Total \$	<u>2,406.</u>

Statement 2  
Form 1120, Schedule K, Line 5  
50% or More Owners

Name : GLENN MILLER  
ID Number :   
Percentage Owned : 100.00%

Statement 3  
Form 1120, Schedule L, Line 6  
Other Current Assets

	<u>Beginning</u>	<u>Ending</u>
TAX REFUNDS RECEIVABLE.....	\$ 647.	\$ 647.
Total	<u>\$ 647.</u>	<u>\$ 647.</u>

Statement 4  
Form 1120, Schedule L, Line 14  
Other Assets

	<u>Beginning</u>	<u>Ending</u>
UTILITY DEPOSITS.....	\$ 100.	\$ 100.
Total	<u>\$ 100.</u>	<u>\$ 100.</u>

Statement 5  
Form 1120, Schedule L, Line 18  
Other Current Liabilities

	<u>Beginning</u>	<u>Ending</u>
PAYABLE - RELATED ENTITIES.....	\$ 19,695.	\$ 20,895.
Total	<u>\$ 19,695.</u>	<u>\$ 20,895.</u>

720

41A720

Department of Revenue



Kentucky Corporation Income Tax return (Pass-Through Corporations Use Applicable Forms)

See separate instructions.

2005 Taxable Year Ending 12/05 Mo/Yr

Taxable period beginning , 2005, and ending

Form header section with fields A, B, C, D for identification, name, address, and parent information.

E Check if applicable: X No packet required for 2006 Initial return Final return (attach explanation) Short-period return (attach explanation) Change of name Change of address

Main table with columns for Part I (Taxable Income Computation), Part II (Alternative Minimum (AMC)), Part III (Tax Comparison), and Part IV (Tax Computation). Includes rows for federal taxable income, deductions, tax liability, and tax due.

Make check(s) payable to: Kentucky State Treasurer. Federal Form 1120, pages 1, 2 and 4, or 1120A, pages 1 and 2, and any supporting schedules must be attached.

**SCHEDULE Q – KENTUCKY CORPORATION QUESTIONNAIRE**

**IMPORTANT:** Questions 4 - 13 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal ID number for the preceding year, questions 1, 2 and 3 must be answered. **Failure to do so may result in a request for a delinquent return.**

1 Indicate whether: (a)  new business;  
 (b)  successor to previously existing business which was organized as: (1)  corporation; (2)  partnership;  
 (3)  sole proprietorship; or (4)  other \_\_\_\_\_

If successor to previously existing business, give name, address and federal ID number of the previous business organization.  
 \_\_\_\_\_

2 List the following **Kentucky** account numbers. Enter N/A for any number not applicable.  
 Employer Withholding \_\_\_\_\_  
 Sales and Use Tax Permit \_\_\_\_\_  
 Consumer Use Tax \_\_\_\_\_  
 Unemployment Insurance \_\_\_\_\_  
 Coal Severance and/or Processing Tax \_\_\_\_\_

3 If a foreign corporation, enter the date qualified to do business in Kentucky \_\_\_\_\_

4 The corporation's books are in care of: (name and address)  
C/O COMPANY

5 Is the corporation a partner in a general partnership(s) doing business in Kentucky?  Yes  No  
 If yes, attach schedule listing name, federal ID and Kentucky account number of the general partnership(s).  
 \_\_\_\_\_

Was the corporation doing business in Kentucky, outside of its interest in a general partnership?  Yes  No

6 Are related party costs made to related members as defined in KRS 141.205(1)(l) included in this return?  Yes  No.

If yes, list name, federal ID and/or Kentucky corporation account number of the individual or entity \_\_\_\_\_

7 Is the net distributive income (loss) received from a corporation subject to the tax imposed by KRS 141.040 included in this return?  Yes  No. If yes, list name, federal ID and Kentucky account number of the corporation.  
 \_\_\_\_\_

**Caution:** If the corporation elected to file a consolidated income tax return for tax years beginning prior to January 1, 2005, skip questions 8 and 9 and go to question 10.

8 Did the corporation at any time during the taxable year do business in Kentucky and own 80 percent or more of the voting stock of another corporation doing business in Kentucky?  Yes  No. If yes, list name, address and federal ID number of the entity \_\_\_\_\_

9 Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year?  Yes  No. If yes, list name, address and federal ID number of the entity \_\_\_\_\_

10 Was this return prepared on: (a)  cash basis, (b)  accrual basis, (c)  other \_\_\_\_\_

11 Is the corporation a public service corporation subject to taxation under KRS 136.120?  Yes  No

12 Did the corporation file a Kentucky tangible personal property tax return for January 1, 2006?  Yes  No

13 Is the corporation currently under audit by the Internal Revenue Service?  Yes  No If yes, enter years under audit \_\_\_\_\_

If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this department, check here  and file Form 720X or Form 720XX, whichever is applicable, for each year adjusted and attach a copy of the final determination.

**OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)**

Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.  
 Has this officer information attached changed from the last return filed?  Yes  No

President's Name GLENN MILLER President's Home Address 2722 RUSSELLVILLE ROAD  
 President's Social Security Number [REDACTED] BOWLING GREEN, KY 42101

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

[Signature] \_\_\_\_\_ Date \_\_\_\_\_  
 Signature of principal officer or chief accounting officer

Hilliard & Fisher, CPA'S \_\_\_\_\_  
 Name and Social Security or federal identification number of person or firm preparing return

May the Department of Revenue discuss this return with the preparer?  
 Yes  No

E mail Address: \_\_\_\_\_

P.O. Box 1400, Bowling Green, KY 42102-1400



BOOK 16 PAGE 488

ORIGINAL COPY  
FILED  
SECRETARY OF STATE OF KENTUCKY  
FRANKFORT, KENTUCKY

ARTICLES OF INCORPORATION  
OF  
RICHARDSVILLE GAS COMPANY, INC.

MAY 17 1977  
*Dwight P. Davis*  
SECRETARY OF STATE

Come Virgil R. Spears and Polly T. Spears and hereby form a corporation to be known as Richardsville Gas Company, Inc.

I.

The name of the corporation shall be Richardsville Gas Company, Inc.

II.

The duration of the corporation shall be perpetual unless sooner dissolved.

III.

The purpose of the corporation is to carry on and conduct a business of distribution and sale of natural gas, sale of appliances and fixtures and sales and services related to appliances, fixtures and distribution of gas, and the right to sell and service storm windows, doors & insulation.

IV.

The total number of shares which the corporation shall have authority to issue is 1,000 shares with a par value of \$1,000.00 per share. This shall be the only class of stock which shall be issued at this time and under this authorization.

V.

The address of the initial registered office shall be Rt. 10, Box 122B, Bowling Green, Kentucky 42101. The name of the initial registered agent shall be Virgil R. Spears, Rt. 10, Box 122B, Bowling Green, Kentucky 42101.

VI.

The number of directors constituting the initial board of directors shall be two and the names and the addresses of the persons were to serve as directors until the first annual meeting

THE FOREGOING IS A  
TRUE AND COMPLETE COPY OF THE  
AS APPEARS OF RECORD IN  
BOOK 16 PAGE 488 IN THE OFFICE,  
THIS 17th DAY OF MAY 1977

BOOK 16 PAGE 489

of the shareholders or until their successors are elected and qualified are:

Virgil R. Spears, Rt. 10, Box 122B, Bowling Green, Kentucky 42101 and

Polly T. Spears, Rt. 10, Box 122B, Bowling Green, Kentucky 42101.

VII.

The names and addresses of each incorporator are as follows:

Virgil R. Spears, Rt. 10, Box 122B, Bowling Green, Kentucky 42101 and

Polly T. Spears, Rt. 10, Box 122B, Bowling Green, Kentucky 42101.

VIII.

The Powers of the corporation shall be those which are permitted under the laws of the State of Kentucky and which are enumerated in Chapter 271A of Kentucky Revised Statutes.

This May 16, 1977.

*Virgil R. Spears*  
Virgil R. Spears

*Polly T. Spears*  
Polly T. Spears

STATE OF KENTUCKY

COUNTY OF WARREN

*Jane Marshall*, notary public

in and for the Kentucky State at Large, do hereby certify that the foregoing Articles of Incorporation were produced to me in my office by Virgil R. Spears and Polly T. Spears, personally known to me, and duly acknowledged by them to be their free act and deed.

This May 16, 1977.

*Jane Marshall*  
Notary Public, Ky. State at Lg

My Commission expires: 2/5/80

THIS INSTRUMENT WAS PREPARED BY  
MILLIKEN AND MILLIKEN ATTORNEYS  
1039 COLLEGE STREET

EDWING GREEN, KY. 42101  
BY *Edw. Green*

STATE OF KENTUCKY  
COUNTY OF WARREN  
I, CHARLES W. MOREHEAD, Clerk of Warren County Court, do certify that this instrument was this day lodged to be and is with this and the foregoing certificates duly recorded in my office.  
Given under my hand this 23 day of May, 1977.

CHARLES W. MOREHEAD, CLERK

THIS AGREEMENT, made and entered into in duplicate on this January 19, 1990, by and between Virgil R. Spears and Polly T. Spears, husband and wife, d/b/a Spears Natural Gas Company, and Richardsville Gas Company, Inc., a Kentucky corporation, 2739 Lodge Hall Road, Bowling Green, KY 42101 (hereinafter referred to as "Sellers"), parties of the first part, and Charles Wayne Miller, 1712 Parkside Drive, Bowling Green, KY 42101, and Preston Glenn Miller, 113 Whispering Hills Blvd., Bowling Green, KY 42101, (hereinafter referred to as "Buyers"), parties of the second part,

WITNESSETH: That, Whereas, the sellers and the buyers have been negotiating for the sale and the purchase of the utility that is known as Richardsville Gas Company, comprised of Richardsville Gas Company, Inc., and Spears Natural Gas Company, the sellers being the sole and only owners of all of the stock of the corporation and assets of the business and holders and owners of all of the right, title and interest in and to same, the parties hereto having reached an agreement as to the sale and purchase of said entities, and

WHEREAS, the parties hereto are both cognizant of a certain time frame within which this sale and/or agreement needs to be consummated because of time constraints placed on the sellers' operation of their business by the Kentucky Public Service Commission and in responding to it as to the sellers' intended course of action concerning the utility operation, these parties recognizing that because of the time constraints it may be impossible to complete and formulate a detailed contract concerning all of the terms and conditions that the parties may wish to include after further thought and after further consultation with counsel, and

EXHIBIT A

WHEREAS, both of the parties hereto are desirous of reducing their basic agreement to writing until a more detailed contract can be formulated, prepared and executed, the specific purpose of this agreement being to acknowledge that the parties hereto have entered into a sale and have agreed on the basic terms thereof but desire a more formal contract after consultation with their attorneys as to particular provisions that may need to be included, this agreement also being for the purpose of satisfying any requirements that may need to be satisfied with respect to the Public Service Commission or any other regulatory agency or governmental body regulating the operation of the utility,

NOW, THEREFORE, for and in consideration of the recitals set forth hereinabove, and for the promises herein contained and the mutual benefits to be derived by the parties hereto, the sellers do hereby agree to sell Richardsville Gas Company, Inc., and Spears Natural Gas Company, and all of the outstanding stock in the corporation and all of its assets, whatever same may be, utilized in the operation of the businesses, and the buyers do hereby agree to purchase same under the terms and conditions set out hereinafter and the parties do hereby agree as follows:

1. The sellers hereby agree to sell all of their stock in Richardsville Gas Company, Inc., and Spears Natural Gas Company, and all of the assets of same to the buyers who hereby purchase same from the sellers for the sum of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00). To be paid and payable as follows: FIVE THOUSAND AND 00/100 DOLLARS (\$5,000.00), to be payable at the time of closing, with the balance of \$15,000.00 to be payable over a period of five years with interest on the unpaid balance at the rate of 8% per annum to be paid in annual installments and to be evidenced by a promissory note to be executed at the closing.

2. It is agreed that a more detailed contract shall be prepared and executed by the parties hereto setting forth all of the items discussed and agreed upon in negotiations.

3. The closing shall be held on or before 14 days after the buyers have secured definite and final approval of this transaction or purchase by the Kentucky Public Service Commission and Warren Fiscal Court and any other regulatory or governmental agency or body regulating this utility or from whom approval is required, including the City-County Planning and Zoning Commission of Bowling Green, Warren County, Kentucky.

4. The sale of the above entities shall include, but not necessarily be limited to the franchise, distribution plant consisting of all of the gas mains, all of the customer meters, all measuring and regulating equipment including master meter and house regulators, ditching equipment, existing customer list, easements that the sellers may own in connection with and being utilized in the operation of their business, the existing gas well belonging to Spears Natural Gas Company, and all of the sellers' right, title and interest in and to same, and all of the gas to be produced therefrom, pump jack and other associated equipment necessary in order to operate the well, including a parcel of land around the well consisting of an approximate strip of 25 feet and all the mineral rights thereto, all of the rights of the sellers in and to said gas well, and an approximate parcel of land being 25 feet in width to Lodge Hall Road for the purposes of ingress and egress to and from the well and/or an easement for the same purposes, a parcel of land consisting of approximately 1 to 1-1/2 acres for purposes of building and operating a standby operation and a strip of

BUYERS:

By: Charles Wayne Miller  
Charles Wayne Miller

By: Preston Glenn Miller  
Preston Glenn Miller

land and/or easements to be granted to the buyers in order to provide adequate right-of-ways for pipelines to and from said standby operation and for purposes of ingress and egress to and from the standby plant and adequate right-of-ways or a strip of land for purposes of adequate ingress and egress to the distribution plant and/or for the servicing of same and various other related tools, accessories and equipment necessary to operate the businesses.

5. At the time of closing, sellers will transfer title to all of the outstanding stock and assets of said entities to the buyers and execute all documents which will be necessary to transfer title or convey title to same. The sellers hereby covenant that all of said assets sold are free and clear of all liens and encumbrances of any and every nature. The sellers further covenant that there are no outstanding claims of any kind of any nature against them and they know of no potential claims or potential problems which may become potential claims against them. The sellers further covenant that any claims which may arise by reason of any activity or operation of the entities on or before the closing shall be the sole and exclusive responsibility of the sellers. In the event said claims are asserted against the buyers at any time, the sellers agree to indemnify the buyers against same, hold them harmless against all costs and expenses in defense of the claim and against any judgment which they may be called upon to pay by reason of said claim.

6. It is understood by and between the parties hereto that this contract shall require the approval of the Kentucky Public Service Commission and/or other governmental agencies and/or regulating bodies. The sellers hereby covenant and agree that they will cooperate with the buyers in all respects in the buyers'

efforts to secure this approval. The parties hereto specifically understand that this entire contract and sale is contingent upon expressed approval of the Kentucky Public Service Commission, Warren Fiscal Court and/or any other regulatory agency or body that is required to approve said sale, operation of the business or contract. It is further specifically understood by and between the parties that this contract is specifically contingent upon the buyers securing approval from the Kentucky Public Service Commission, Warren Fiscal Court and/or any other regulatory agency or body to operate said entities without any excessive and undue restraints and that in the event the buyers are not approved by the Kentucky Public Service Commission, Warren Fiscal Court and/or the regulatory agency or body, by whom approval is required, that this sale and contract shall be null and void and of no further force and effect. In this regard, the sellers covenant and promise to cooperate in all respects in helping the buyers secure this approval. This contract is also contingent upon securing necessary approval from the Planning and Zoning Commission of Bowling Green, Warren County, Kentucky, if necessary, in connection with the land being purchased for the plant for the standby operation. In the event any of the contingencies are not met or satisfied, this agreement shall be null and void and of no further force and effect at the option of the buyers.

7. All accounts receivable for services rendered by the sellers prior to the closing, or prior to the effective date of the takeover if said date is prior to the closing, shall be the property of the sellers even if said accounts are collected after the effective date of the takeover or after the date of the closing. The sellers shall keep all existing insurance policies



relative to the business, including any surety bonds, or anything required by governmental agencies and/or the Kentucky Public Service Commission to be posted in full force and effect until the time of the closing. Any and all taxes related to the sale shall be prorated as of the time of closing. Any transfer tax or tax upon the sale of the business and/or the assets thereof shall be the responsibility of the buyer.

Polly T. Spears hereby agrees to act as a consultant for a period of one year after the date of closing, and in consideration therefore, the buyers agree to pay to Polly T. Spears \$150.00 per month for her consultant services. As a consultant she will work with the buyers in familiarizing the buyers in the operation of the business and introducing the buyers to their respective customers in order to insure a smooth and orderly transition, and the sellers covenant that they will assist the buyers in whatever way possible in this regard. The buyers shall furnish the sellers gas service for residential use only, at no charge, as long as either one of the sellers continue to reside in any residence on this property.

IN TESTIMONY WHEREOF, witness the hands of the parties hereto on the date first above written.

SELLERS:  
RICHARDSVILLE GAS COMPANY, INC.

By: Virgil R. Spears  
Virgil R. Spears, President

By: Polly T. Spears  
Polly T. Spears, Secretary/  
Treasurer

SPEARS NATURAL GAS COMPANY

By: Virgil R. Spears  
Virgil R. Spears, Co-Owner

By: Polly T. Spears  
Polly T. Spears, Co-Owner

ADDENDUM

THIS ADDENDUM to that certain agreement dated January 19, 1990, and attached hereto as Exhibit A, is hereby entered into on this 28<sup>th</sup> day of February, 1990, by and between Virgil R. Spears and Polly T. Spears, husband and wife, d/b/a Spears Natural Gas Company, and Richardsville Gas Company, Inc., a Kentucky corporation, 2739 Lodge Hall Road, Bowling Green, KY 42101 (hereinafter referred to as "Sellers"), parties of the first part, and Charles Wayne Miller, 1712 Parkside Drive, Bowling Green, KY 42101, and Preston Glenn Miller, 113 Whispering Hills Blvd., Bowling Green, KY 42101, (hereinafter referred to as "Buyers"), parties of the second part,

WITNESSETH: That, Whereas, the sellers and the buyers entered into the Agreement set forth on Exhibit A and have filed for a transfer application with the Public Service Commission and an order has been issued approving same subject to certain conditions, and

WHEREAS, the parties hereto are desirous of entering into this Addendum in order to conform to the order of the Public Service Commission and in order to facilitate the smooth transition between the transfer of the operations from the sellers to the buyers,

NOW, THEREFORE, for and in consideration of the recitals set forth hereinabove and the promises herein contained and the mutual benefits to be derived by the parties hereto, the parties do hereby enter into the following Addendum to that certain Agreement by and between the parties hereto dated January 19, 1990 as follows:

1. Except as amended herein, that certain Agreement attached hereto as Exhibit A remains in full force and effect and is reiterated as if fully copied herein.

2. The last sentence of said Agreement contained in Paragraph 7 thereof be and hereby is amended by deleting same. In its stead is placed the following sentence.

"Subsequent to the period of one (1) year after the date of closing, Polly T. Spears hereby agrees to act as a consultant on an "on call" basis for the purpose of assisting the buyers with any problems that may arise in the operation of the system recognizing she may be of help in dealing with same because of her knowledge and experience, and in consideration therefore the buyers shall furnish gas service for residential use, only, to her, at no charge, as long as she continues to reside in any residence on the property sold.

3. It is recognized that it is necessary because of the particular circumstances that the buyers take over operation of Spears Natural Gas Company and Richardsville Gas Company, Inc., immediately even though the parties recognize that this transaction is not yet ready for closing because of approvals that have not been obtained from other regulatory agencies and specifically, but not necessarily limited to the City-County Planning and Zoning Commission. However, the parties hereby agree that the buyers need to immediately take over the operations and the sellers hereby grant permission for the buyers to do so and to do whatever else is necessary in order to operate the facility and that all revenues pertaining to same shall be the property of the buyers and that all expenses with respect to same shall be the responsibility of the buyers. The parties do hereby agree to continue to work toward the closing of this transaction, and it is recognized that the closing shall not be held until on or before fourteen (14) days after the buyers have secured all of their approvals including any approvals by the City-County Planning and Zoning Commission of Warren County, and/or Warren Fiscal Court with respect to appropriate zoning regulations and/or the rezoning of the property or properties

which is the subject of this transaction which would enable the buyers to utilize same for the purpose intended.

IN TESTIMONY WHEREOF, witness the hands of the parties hereto on the date first above written.

SELLERS:

RICHARDSVILLE GAS COMPANY, INC.

By: Virgil R. Spears  
Virgil R. Spears, President

By: Polly T. Spears  
Polly T. Spears, Secretary/  
Treasurer

SPEARS NATURAL GAS COMPANY

By: Virgil R. Spears  
Virgil R. Spears, Co-Owner

By: Polly T. Spears  
Polly T. Spears, Co-Owner

BUYERS:

By: Charles Wayne Miller  
Charles Wayne Miller

By: Preston Glenn Miller  
Preston Glenn Miller