

July 18, 2012

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Ky. 40601

RE: Case No. 2012-002227

Dear Mr. Derouen:

Johnson County Gas Company is submitting an original and ten copies of the company's responses to the Staff's request for information in the above mentioned case.

Please contact me at 606-789-5481 if there are any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Bud Rife", is written over a printed name.

Bud Rife
Johnson County Gas

RECEIVED

JUL 25 2012

PUBLIC SERVICE
COMMISSION

Johnson County Gas Company
Case No. 2012-002227

Question No. 1:

1. Provide copies of all supplier invoices for each month of 2012.

Response:

Johnson County Gas has enclosed copies of all supplier invoices. We are still working on getting everything ready with Hall, Stephens, & Hall. Once everything is completed we will provide everything to you.

Question No. 2:

2. Provide proof of payment for each supplier invoice for each month of 2012.

Response:

Johnson County Gas has enclosed copies of proof of payment for each supplier invoice for 2012. We are still working on getting everything ready with Hall, Stephens, & Hall. Once everything is completed we will provide everything to you.

Question No. 3:

3. Provide Mcf sales and Mcf purchases, by supplier, for each month of 2012.

Response:

Johnson County Gas has enclosed Mcf sales and purchases, by supplier, for each month of 2012. Mcf sales for January through June was 7522. We are still working on getting everything ready with Hall, Stephens, & Hall. Once everything is completed we will provide everything to you.

Question No. 4:

4. Provide the identity of the supplier of the 4,574 Mcf from the source identified as NiSource shown on Schedule II of the application.

Response:

Hall, Stephens, & Hall is getting everything set up and will be rendering invoices one everything is in place. We are still working on getting everything ready with Hall, Stephens, & Hall. Once everything is completed we will provide everything to you.

Question No. 5:

5. Describe the status of supply contract negotiations with Bradco, EQT, and the supplier of the volumes identified as NiSource, and Johnson County's efforts to ensure that it obtains the lowest possible gas cost for its customers.

Response:

Johnson County Gas is sending copies of all contracts.

Question No. 6:

6. If the supplier of the volumes delivered through NiSource is an affiliate of Johnson County pursuant to KRS 278.010(18), describe Johnson County's efforts to address the statutory concern set out in KRS 278.274(3) to ensure that the price for those volumes is no higher than current market prices for gas which are negotiated at arm's length.

Response:

6.00 is reasonable because it includes 10% retainage of transportation on EQT.

HALL, STEPHENS, & HALL
GAS PURCHASE AGREEMENT

This AGREEMENT ("Agreement") made and entered into this the 11-day of, June 2011, by and between **Hall Stephens & Hall**, whose address is PO Box 155 Harold, Kentucky, 41635, (hereinafter referred to as "Hall Stephens & Hall" or "Seller"), and **Johnson County Gas Company**, whose address is P.O. Box 447, Betsy Layne, Kentucky, 41605, (hereinafter referred to as Johnson County Gas Company" or "Buyer").

WHEREAS, Buyer agrees to buy gas delivered from Seller at the rate of _____ /made to Seller at P O. Box 155, Harold, Kentucky, 41635, within 30 days of invoice. That upon such payment to Seller, Buyer is released from any and all liability in distribution of said payments and any correspondence or notice shall also be made to said Seller_ Buyer shall be responsible for any production-related tax attributable to gas sold pursuant to this Agreement_ Seller herein warrants to Buyer good and lawful title to all gas sold and delivered pursuant to this Agreement. This price includes transportation. The \$6.00 price is negotiable upon completion of the bankruptcy. Retroactive billing will be done upon completion of bankruptcy. Seller may cancel contract for nonpayment within 30 days of billing.

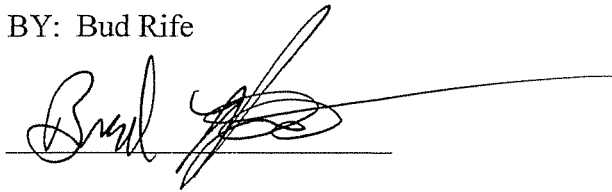
WHEREAS, this agreement shall be for a period of one (1) year and *as* long thereafter *as* marketable natural gas is delivered to Buyer. This agreement shall be automatically renewed for each additional one year period unless a 30 day advance written notice of cancellation is given by either party.

This agreement shall be binding upon Seller, its successors and assigns and upon Buyer, and its successors and assigns.

SELLER:

HALL, STEPHENS & HALL

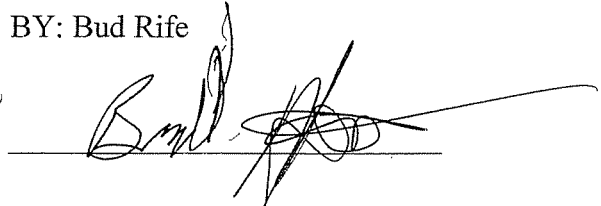
BY: Bud Rife



BUYER:

JOHNSON COUNTY GAS COMPANY

BY: Bud Rife



GAS PURCHASE AGREEMENT

This AGREEMENT ("Agreement") made and entered into this the 27th day of February 2012, by and between Bradco Oil Company, whose address is 271 East Court Street, P. O. Box 221, Prestonsburg, Kentucky, 41653, (hereinafter referred to as "Bradco Oil Company" or "Seller"), and Johnson County Gas Company, whose address is P. O. Box 447, Betsy Layne, Kentucky, 41635, (hereinafter referred to as Johnson County Gas Company" or "Buyer").

WHEREAS, Bradco Oil Company has three (3) existing uas wells in the Hager Hill area.

WHEREAS, gas delivery points for the above production will be as near the intersection of Ky. Rt 321 and Rolling Hills Rd.

WHEREAS, Buyer agrees to buy gas delivered from Seller at the rate of _____/dth (\$ 6.00/mcf) beginning May 1st 2012. All payments for delivery of gas shall be made to Seller at P. O., Box 221, Prestonsburg, Kentucky, 41653, within 15 days of invoice. That upon such payment to Seller, Buyer is released from any and all liability in distribution of said payments and any correspondence or notice shall also be made to said Seller. Buyer shall be responsible for any production-related tax attributable to gas sold pursuant to this Agreement Seller herein warrants to Buyer good and lawful title to all gas sold and delivered pursuant to this Agreement. The \$6.00 price is negotiable upon completion of the bankruptcy. Seller may cancel contract for nonpayment within 30 days of billing.

WHEREAS, this agreement shall be for a period of one (1) year and as long thereafter as marketable natural gas is delivered to Buyer. This agreement shall be automatically renewed for each additional one year period unless a 30 day advance written notice of cancellation is given by either party.

This agreement shall be binding upon Seller, its successors and assigns and upon Buyer, and its successors and assigns.

SELLER:

Bradco Oil Company

BY: Charles Bradley

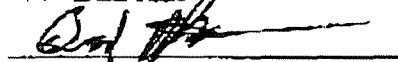


Owner

BUYER:

Johnson County Gas Company

BY: Bud Rife



President

**EQT GATHERING, LLC
NATURAL GAS GATHERING AGREEMENT**

This Natural Gas Gathering Agreement ("Agreement") is made, entered into on the 1 day of July, 2012 by and between **EQT GATHERING, LLC**, a Delaware limited liability company (hereinafter "Gatherer"), and **HALL, STEPHENS AND HALL GAS, LLC**, (hereinafter "Shipper").

Whereas, Gatherer owns and operates the Kentucky West Virginia natural gas gathering system (the "Gathering System") located in the Commonwealth of Kentucky; and

Whereas, Shipper has available certain supplies of natural gas which it desires to have gathered by Gatherer; and

Whereas, Shipper has requested that Gatherer provide the gathering of such natural gas, on behalf of Shipper, by receiving quantities of such natural gas and redelivering for Shipper's account.

Now, Therefore, in consideration of the mutual covenants and terms and conditions provided for herein, the parties hereby agree as follows.

ARTICLE I
DEFINITIONS

For the purposes of this Agreement, the following definitions shall be applicable:

"Btu" shall mean British Thermal Unit and is the amount of heat required to raise the temperature of one avoirdupois pound of pure water from fifty-eight and five tenths degrees (58.5°) Fahrenheit to fifty-nine and five tenths degrees (59.5°) Fahrenheit at a constant pressure of fourteen and seventy-three hundredths (14.73) psia.

"Contract Year" for the first year shall mean the period beginning on the date of first delivery and ending at 10 a.m. local time, on the first day of the month following the expiration of twelve (12) months after the date of the first delivery. Each succeeding Contract Year shall mean a period of twelve (12) months immediately following the termination of the preceding Contract Year.

"Cubic feet" or "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot of space at a temperature of sixty degrees (60°) Fahrenheit and an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute.

"Day" shall mean that period of time beginning at 10 a.m. local time on each calendar day and ending at 10 a.m. local time on the following calendar day.

"Dth" (Dekatherm) shall mean one million Btu.

"Effective Date" shall mean the date upon which this Agreement is executed by both Gatherer and Shipper.

"Equivalent Quantity" shall mean that quantity of gas delivered at the Point(s) of Delivery which is the thermal equivalent of the quantity of Shipper's gas received at the Point(s) of Receipt, less Retainage as calculated pursuant to Article IV Rates, Paragraph B of this Agreement.

"Gas" or "Natural Gas" shall mean natural gas as it is produced from the well or as delivered at the discharge side of a conventional mechanical gas-liquid separator and shall include casinghead gas produced with crude oil.

"Gross Heating Value" shall mean the number of Btu's liberated by the complete combustion at constant pressure of one (1) cubic foot of gas, at a base temperature of sixty (60°) degrees Fahrenheit and a referenced pressure base of fourteen and seventy-three hundredths (14.73) psia, with air of the same temperature and pressure of the gas, after products of combustion are cooled to the initial temperature of the gas, and after the water of the combustion is condensed to the liquid state. The Gross Heating Value of the gas shall be corrected for the water vapor content of the gas being delivered; provided, however, that if the water vapor content of the gas is seven (7) pounds or less per one million (1,000,000) cubic feet, the gas shall be deemed to be dry and no correction will be made.

"Mcf" shall mean one thousand (1,000) cubic feet of gas.

"Month" shall mean that period of time beginning at 10 a.m. local time on the first day of a calendar month and ending at 10 a.m. local time on the first day of the following calendar month.

"Point(s) of Receipt" shall mean the point(s) at which Shipper tenders and surrenders control of Natural Gas to Gatherer, more particularly described as the tap and measurement station(s) as set forth on Exhibit A.

"Point(s) of Delivery" shall mean the point(s) at which Gatherer tenders delivery of the Natural Gas to Shipper, more particularly described as the tap and measurement station(s) as set forth on Exhibit B.

"Psia" shall mean pounds per square inch absolute.

"Retainage" shall mean the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Gatherer for Gatherer's lost and unaccounted for Gas, company-use Gas, compressor fuel and shrink incurred on the Gathering System.

ARTICLE II **TERM**

The primary term of this Agreement shall commence on the Effective Date and shall continue in force and effect for a period of one (1) month and from month-to-month thereafter unless terminated by either Party upon thirty (30) calendar days prior written notice to the other Party; provided, however, that this Agreement shall continue in full force and effect until the expiration of the latest transaction memorialized pursuant to an Exhibit C to this Agreement. The obligation of either party to indemnify the other, pursuant hereto shall survive the termination of this Agreement or any transaction memorialized pursuant to an Exhibit C to this Agreement. This Agreement shall terminate on any date in which federal or state statute or regulation renders this Agreement, or other agreements associated herewith required to deliver Gas hereunder, illegal, null or void.

ARTICLE III **GATHERING QUANTITIES AND RESERVATIONS**

(A) Subject to the further provisions of this Agreement, Gatherer agrees to take and receive on an interruptible basis from Shipper, and Shipper agrees to deliver to Gatherer, all of Shipper's Natural Gas volumes from the meters listed on Exhibit A ("Gathering Quantities") that is delivered to the tap(s) and measurement station(s) to be set at a site or sites designated by Gatherer ("Point(s) of Receipt").

(B) Shipper may develop additional Gas from time to time and may request that such additional Gas be included in this Agreement. Such request shall be made in writing by Shipper to Gatherer identifying the location where Shipper proposes the Gas would enter the Gathering System and an estimate of the production from such meter(s). Upon receipt of such notice, Gatherer shall have the sole and exclusive right (to be exercised in a not unduly discriminatory manner) to refuse to take all or any portion of the additional Natural Gas, but shall respond within thirty (30) days of receipt of notice from Shipper.

(C) Shipper agrees to use its commercially reasonable efforts to continue Natural Gas production to the Point(s) of Receipt.

(D) Service under this Agreement is interruptible. Gatherer, in its sole discretion, may restrict the flow or discontinue the gathering of Gas in a not unduly discriminatory manner to maintain the operational integrity of its system, to meet its service obligations to firm service customers or for any other reason when and for such length of time Gatherer deems necessary. Should service under this Agreement be interrupted pursuant to this provision for a period in excess of thirty (30) consecutive days, or forty-five (45) days during a Contract Year, Shipper may immediately terminate this Agreement by giving written notice to the other party.

(E) Gatherer, or its designee, shall have the sole right to process the Gas delivered hereunder for the extraction and recovery of liquefiable hydrocarbons, helium or any other constituents of the Gas stream for the sole account of Gatherer or its designee.

(F) Gatherer shall have no obligation to construct, modify, improve, meter, maintain, repair or relocate any of its facilities to provide service under this Agreement. Nothing in the Agreement shall prohibit the Gatherer in its sole discretion from abandoning any portion of its facilities, installing compression, or constructing, maintaining or otherwise undertaking, or not undertaking, any operations in connection with its facilities.

(G) Gatherer will assign Shipper a Maximum Daily Quantity (MDQ) for each Point of Receipt on Gatherer's system. Shipper shall be responsible for making sure gas delivered to each Point(s) of Receipt shall not exceed the associated MDQ. Should Shipper's deliveries to the Point(s) of Receipt exceed the assigned MDQ ("Unauthorized Volumes"), then Gatherer may provide written notification to the Shipper of such Unauthorized Volumes and direct the Shipper to either obtain authority for the introduction of such gas or to remove it from the pipeline system, within twenty-four (24) hours. If at the end of that 24-hour period, the Shipper has not taken steps to either remove or obtain authority for the introduction of the Unauthorized Volumes, then Gatherer may confiscate all Unauthorized Volumes without further obligation.

ARTICLE IV RATES

(A) During the term of this Agreement, Shipper shall pay to Gatherer for all gathered quantities delivered to Gatherer at the Point(s) of Receipt a gathering commodity rate, on a monthly basis, as set forth in Exhibit C attached hereto and made a part hereof, as such gathering commodity rates may be amended from time-to-time.

(B) During the term of this Agreement, Gatherer shall retain the gathering and processing percentages specified on Exhibit C, attached hereto and made a part hereof, of all gathered quantities delivered to Gatherer at the Point(s) of Receipt, as such retainage rates may be amended from time-to-time.

ARTICLE V NOMINATION, SCHEDULING AND RECONCILIATION OF RECEIPTS AND DELIVERIES

(A) Shipper shall nominate the total quantity of Natural Gas to be received by Gatherer for Shipper's account under this Agreement during each calendar Month, from the Point(s) of Receipt in aggregate. Such nominations shall be, to the extent practicable, in uniform daily quantities. Such nominations must be submitted to Gatherer in writing on or before five (5) business Days preceding each delivery Month. In the absence of a timely nomination, the quantity to be received by Gatherer during a calendar Month at the Point(s) of Receipt shall be equal to the most recent monthly quantity of gas measured at the Point(s) of Receipt.

(B) Subject to adjustment by Gatherer, the quantities to be delivered and billed the gathering commodity rate on a monthly basis will be equal to Shipper's measured quantities at the Point(s) of Receipt, less Retainage.

(C) All nominations must be confirmed by the downstream entity that will physically receive the Gas before Gatherer will schedule the service. Where downstream transporters require Gatherer to submit a predetermined allocation in order to schedule receipt of gathered volumes into the system(s) of such transporters, Gatherer will base such predetermined allocations on the monthly nominations it has received for deliveries to such transporters plus/minus any volume adjustments determined in accordance with Article V, Paragraph E herein.

(D) Gatherer reserves the right to adjust scheduled deliveries during a delivery Month to the extent Gatherer determines that Shipper's actual tenders of Gas vary materially from Shipper's scheduled quantities, but will notify Shipper within forty-eight (48) hours upon becoming aware of nomination imbalances.

(E) Following the delivery Month, Gatherer will determine actual measured flows into the Gathering System and issue an invoice to the Shipper. To the extent such statement indicates a discrepancy between Shipper's scheduled quantities of Gas and Shipper's actual quantities of Gas for each month, Shipper shall adjust current and/or future nominations to eliminate such discrepancy.

ARTICLE VI **GAS QUALITY AND MEASUREMENT**

(A) Subject to Section VI (B) below, all Gas delivered by Shipper and received by Gatherer hereunder shall conform to the gas quality standards and provisions of (i) the applicable immediate downstream receivers or transporters and (ii) such other quality standards and provisions as Gatherer may impose. Shipper shall indemnify Gatherer and save it harmless from all suits, actions, damages, losses and expenses (including reasonable attorneys' fees) arising out of the Gas failing to conform to such quality provisions.

(B) All Shipper's Gas shall be deemed to require processing in order to meet the gas quality standards and provisions of the applicable immediate downstream receivers or transporters and such other quality standards and provisions as Gatherer may impose. All Gas delivered at the Point(s) of Receipt shall be subject to the processing rates and set forth in Exhibit C attached hereto.

(C) The Gross Heating Value, molecular composition and specific gravity of Gas delivered to Gatherer shall be consistent with gas being gathered in the vicinity of the Point(s) of Receipt. Specifically, such Gas shall not, in Gatherer's sole determination, hinder deliveries from or redeliveries to Gatherer's other customers.

(D) The Gas shall have a temperature of not more than one hundred twenty degrees (120) Fahrenheit.

(E) The Gas shall contain no less than 1,000 Btu's per cubic foot, except in Gatherer's sole discretion a lower Btu Gas stream may be accepted by Gatherer for blending in its system.

(F) Measurement, testing and heat content of the Gas gathered hereunder shall be governed by the standards and provisions of the applicable downstream receiver or transporter, including, if applicable, the standards and provisions of the downstream transporter's effective FERC Gas Tariff.

(G) The Gross Heating Value of the Gas delivered hereunder shall be determined from time to time by Gatherer, as often as Gatherer may deem necessary, by chromatographic analysis of the Gas, or by samples tested upon a recording calorimeter, or by such other methods as the parties may agree. Shipper shall be provided a copy of all such analyses. For purposes of payment and billing the Gross Heating Value shall be adjusted to reflect measurement conditions of Gas at fourteen and seventy-three hundredths (14.73) psia, sixty degrees (60°) Fahrenheit and saturated with water vapor, Shipper may

request adjustment of the Gross Heating Value of the Gas delivered hereunder two times per calendar year.

(H) Gatherer shall designate the type of measuring equipment that shall be utilized to effectuate the gathering quantities contemplated hereunder, including, but not limited to, pressure regulation equipment if deemed necessary by Gatherer.

(I) Gatherer, or Gatherer's designee, shall install, own, operate and maintain the measuring facilities, meter and other necessary measuring equipment to measure the Gas at the Point(s) of Receipt. Shipper shall be responsible for acquisition and costs of the meter site. Prior to the installation, Shipper shall reimburse Gatherer for the cost of purchasing and installing the measuring facilities, meter and other necessary measuring equipment. Such installations shall be constructed and operated in accordance with the American National Standard Institute ("ANSI")/American Petroleum Institute ("API") 2530, American Gas Association ("AGA") Report No. 3, Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, Second Edition, dated September 1985, (orifice measurement), AGA Measurement Committee Report NO.6 dated January 1971, (Positive Displacement Meters), and AGA Measurement Committee Report No.7, First Revision, dated November 1984, (Turbine Meters) and any subsequent modifications and amendments thereto. Further, Shipper hereby grants to Gatherer such easements and rights of way across the lands on which the Point(s) of Receipt are situated and/or lands pooled therewith, to the extent that it may lawfully do so, as are necessary or convenient for the installation, maintenance and operation of facilities, including meter stations and measuring equipment, required for the gathering or delivery of Gas hereunder.

(J) Gatherer shall be responsible for the reading, calibrating and adjusting of meters and in its sole discretion may employ an independent integration service company for such purpose. Gatherer may, in its sole discretion, require the installation of satellite or cellular communication to obtain meter readings. The cost to install communication equipment and monthly satellite or cellular charges will be paid for by Shipper.

(K) If Shipper challenges the accuracy of any meter in use pursuant to this Agreement and requests to have the meter tested, Gatherer shall test the meter in the presence of Shipper, or its representative, if Shipper wishes to exercise the right to be present or represented at such test. If the meter being tested shall prove to be accurate within plus or minus two percent (2%), the cost of testing the same shall be borne by the Shipper. However, if the meter being tested proves to be in error by more than two percent (2%), the meter shall be corrected and accounts adjusted accordingly. In any case, the period of adjustment shall not exceed *twelve* (12) Months preceding test or one-half of the time period since the last preceding test, whichever is shorter. In the event that any measuring equipment is out of service for test or repair, found to be in error for any reason, or it is impractical to read, deliveries shall be estimated in a practical manner utilizing all available information to determine the quantity of Gas for delivery period affected, or, at either parties' option, shut in until such time as the equipment can be repaired.

(L) Shipper shall deliver Gas hereunder to Gatherer at the Point(s) of Receipt against the varying pressure from time to time maintained in Gatherer's pipelines. Neither Shipper nor Gatherer shall be obligated to install or operate compression facilities and/or treating facilities or to continue to operate same once installed in order to deliver or receive Gas hereunder. Shipper may only install compression facilities with the prior written consent of Gatherer, which consent shall not unreasonably be withheld.

(M) In the event that Shipper does not deliver to Gatherer an average of ten (10) Dekatherms of Gas per Day from any receipt point listed in Exhibit A into Gatherer's system, during a ninety (90) consecutive day period without curtailments, then Gatherer may, at its sole discretion, shut in the receipt point and *remove* from Exhibit A, require the installation of satellite or cellular communication or assess a monthly low volume charge of \$75 per receipt point. Prior to implementing one of the three options listed above, Gatherer will provide thirty 30 days advanced written notice to Shipper.

ARTICLE VII
PAYMENT

(A) Gatherer shall render to Shipper on or before the thirtieth (30th) day of each Month a statement of the total quantities of Natural Gas gathered and delivered during the preceding Month together with a bill for the amount due under this Agreement for such period. Shipper will pay Gatherer within ten (10) days after receipt of Gatherer's invoice. Shipper will be deemed to receive the invoice, if sent by U.S. Mail three business Days after deposit of the invoice by Gatherer in the U.S. Mail; if sent by courier for overnight delivery service or if sent by electronic transmission, the date of confirmed transmission. If payment date falls on a Saturday, Sunday or legal holiday, payment will be made on the next business Day.

(B) If Shipper, in good faith, disputes the amount of any such statement or any part thereof, Shipper shall notify Gatherer immediately, and pay the undisputed portion of the invoice. The parties agree to meet and attempt to resolve the dispute within five (5) Days of the Shipper's Notice.

ARTICLE VIII
POSSESSION AND CONTROL

(A) As between Shipper and Gatherer, Shipper shall be deemed to be in control and in possession of the Gas prior to such Gas being received by Gatherer and shall be responsible for any damages, losses or injuries caused thereby until the Gas shall be received by Gatherer at the Point(s) of Receipt except for injuries or damages which have been occasioned solely and proximately by the negligence of Gatherer. Gatherer shall be in control and in possession of the Gas subsequent to such Gas being received by Gatherer and shall be responsible for any damages, losses, or injuries caused thereby until the same shall have been redelivered to Shipper or designee at the Point(s) of Delivery, except for injuries or damages which have been occasioned solely and proximately by the negligence of Shipper or its designee or by the quality of the Gas or other condition of the Gas outside of the control of Gatherer, and except as otherwise set forth herein.

ARTICLE IX
WARRANTY

Shipper hereby warrants that it will at the time of delivery have good and marketable title to, and the right to sell all Gas to be gathered and delivered hereunder and that the Gas is free and clear from all liens and adverse claims of every kind. Shipper hereby covenants and agrees to indemnify and save harmless Gatherer from all suits, actions, debts, accounts, damages, costs, losses and expenses (including reasonable attorney's fees) arising from or connected with the Gas to be gathered hereunder, including but not limited to, any adverse claim of any person or persons to the title to said Gas. If the title of Shipper is questioned or involved in any litigation, Gatherer shall have the right to withhold deliveries of such Gas to Shipper, without interest, during the pendency of such litigation or until said title is free from such question, or, at Gatherer's sole discretion, until Shipper furnishes bond conditioned to save Gatherer harmless with surety acceptable to Gatherer.

ARTICLE X
LIABILITY

Neither Gatherer, Shipper, nor their respective officers, directors, partners, agents, employees, affiliates or successors or assigns shall be liable to the other Party or its officers, directors, agents, employees, affiliates or successors or assigns for claims for incidental, special, indirect, punitive or consequential damages of any nature connected with or resulting from performance or non-performance of this Agreement, including without limitation, claims in the nature of lost revenues, income or profits (other than payments specifically provided for and properly due under this Agreement) irrespective of whether such claims are based upon warranty, negligence, strict liability, contract, operation of law or otherwise.

ARTICLE XI
ASSIGNMENT

Any company which shall succeed by purchase, merger or consolidation of the properties, substantially as an entirety, of Gatherer or of Shipper, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights hereunder to a company with which it is affiliated. Except to an affiliate, Shipper shall not assign this Agreement or any of the rights or obligations hereunder without first obtaining the consent thereto in writing from Gatherer; which consent shall not be unreasonably withheld.

ARTICLE XII
FORCE MAJEURE

If either Gatherer or Shipper is rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition of this Agreement, such obligation or condition shall be suspended during the continuance from inception of the inability so caused and such party shall be relieved of liability and shall suffer no prejudice for failure to perform the same during such period; provided the obligation to make payments then due for Gas received and delivered shall not be suspended and the cause for suspension (other than strikes and lockouts) shall be remedied so far as possible with commercially reasonable dispatch. The party suffering any such force majeure shall give notice and reasonably full particulars to the other party as soon as reasonably possible upon the occurrence of such event. Settlement of strikes and lockouts shall be wholly within the discretion of the party having difficulty. The term "force majeure" shall include, without limitation, the following: acts of God, the public enemy, fire, freezes, floods, storms, accidents, breakdowns of pipeline or equipment, lack of capacity by any third party transporter to transport Gas, failures or freezing of wells, strikes, and any other industrial, civil, or public disturbance, the inability to obtain materials, supplies, permits or labor, and any laws, orders, rules, regulations, acts or restraints of any government or governmental body or authority, civil or military, and any other cause, whether of the kind enumerated or otherwise, not reasonably within the control of the party claiming force majeure. Notwithstanding any other provision, Shipper shall not be under any obligation to repair or replace pipelines, equipment or other facilities. Gatherer or Shipper shall use all commercially reasonable diligence to remove the force majeure as quickly as possible. If said force majeure continues for more than forty-five (45) consecutive Days, either party can immediately terminate this Agreement by giving written notice to the other party.

ARTICLE XIII
LAWS AND REGULATIONS

This Agreement shall be subject to all applicable and valid laws, ordinances, rules and regulations of federal, state or local authorities having jurisdiction now or hereafter having jurisdiction over the Parties; and should either of the Parties, by force of any such law or regulation imposed at any time during the term of this Agreement, be rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than an obligation to make payments due hereunder, then this Agreement shall continue nevertheless and shall then be deemed modified to conform with the requirements of such law or regulation. Notwithstanding the above and except as specifically provided for in this Agreement, this Agreement shall not be deemed to be so modified if such law or regulation substantially and materially prohibits the Parties from performing hereunder or has the effect of materially altering the economic position of the Parties or either of them; in such event, the party hereby injured may, by written notice to the other party, request that this Agreement be amended as necessary to preserve the economic position held by the affected party immediately prior to such event. Such notice shall describe the action taken by the regulatory authority and shall include reasonable particulars as to the manner and extent to which the economic position of the party giving the notice has been adversely affected. The Parties shall use all their commercially reasonable efforts during a sixty (60) Day period following such notice to negotiate and effect such amendments.

ARTICLE XIV
NOTICES

(A) All notices and written communications between the parties hereto including Gatherer's invoices and Shipper's remittances, shall be sent to the following addresses:

GATHERER

Notices to: EQT Gathering, LLC
Attn: Elizabeth Schuster
625 Liberty Avenue
Suite 1700
Pittsburgh, PA 15222
Telephone: (412) 395-3245
Fax: (412) 395-3347
E-mail: egtgathering@eqt.com

Payments to: EQT Gathering, LLC
P.O. Box 223174
Pittsburgh, PA 15251

SHIPPER

Notices/Invoices to: HALL, STEPHENS AND HALL GAS, LLC
Attn: Bud Rife, Manager/Owner
Telephone: (606) 478-5264
Fax: (606) 478-5264
E-mail: Budrife@me.com

(B) Notice shall be given when received on a business day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a business day or is after 5:00 p.m., on a business day, then such facsimile shall be deemed to have been received on the next following business day. Notice by e-mail shall be deemed to have been received one (1) hour after it was sent, absent notification to the sending party that the e-mail was undeliverable, or such earlier time as is confirmed by the receiving party. Notice by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five (5) business days after mailing.

(C) Either party may change the information from time to time contained in (A) above by providing notice sent certified mail addressed to the other party.

ARTICLE XV
MISCELLANEOUS

(A) No waiver by either party of anyone or more defaults by the other party in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults whether of a like or different character.

(B) This written Agreement constitutes the entire agreement between the parties, and no representations or other agreements not contained herein have been made by the parties with respect to the subject matter hereof. No modifications of the terms and provisions of the Agreement shall be or become effective except pursuant to and upon the due and mutual execution of an appropriate supplemental written contract by the parties.

(C) This Agreement shall be governed by, subject to and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(D) Subject to the provisions of paragraphs (E) and (F), immediately below, Gatherer shall not be required to perform or to continue to perform service on behalf of any Shipper that (i) is or has become insolvent, (ii) has applied for bankruptcy under Chapter 11 of the Bankruptcy code or is subject to similar proceedings under State or Federal Law, (iii) fails, in Gatherer's reasonable judgment, to demonstrate minimal creditworthiness for all or any part of the service requested, based upon Gatherer's consideration of available data (including but not limited to Shipper's past payment history, financial statements, and credit reports or (iv) is in arrears for any payments under this Agreement, except for disputed payments under Article VII (B).

(E) If Gatherer has reasonable grounds for insecurity regarding the performance of any obligation under this Agreement (whether or not then due) by the Shipper (including, without limitation, the occurrence of a material change in the creditworthiness of Shipper), Gatherer may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to Gatherer, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

(F) In the event (each an "Event of Default") Shipper or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any credit support obligations relating to the Agreement; (vii) fail to give Adequate Assurance of Performance under this Section within 48 hours but at least two business days of a written request by Gatherer; or (viii) not have paid any amount due to Gatherer on or before the second business day following written Notice that such payment is due; then Gatherer shall have the right, at its sole election, to immediately withhold and/or suspend deliveries, in addition to any and all other remedies hereunder, at law or in equity.

(G) If Shipper fails to comply with any material provision of this Agreement, Gatherer, upon notice to Shipper, may refuse to accept Gas from Shipper and/or may refuse to deliver Gas to Shipper until Shipper has fully complied with the terms of this Agreement.

IN WITNESS WHEREOF, this Agreement shall be binding upon the parties hereto and upon their respective heirs, successors, representatives and assigns. The Gatherer and Shipper have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

EQT Gathering, LLC

By: _____

Name: Andrew L. Murphy

Title: Vice President

Hall, Stephens and Hall Gas, LLC

By: 

Name: Bud Rife

Title: Manager

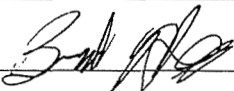
Appendix A to Service Agreement No. 35261
Under Rate Schedule ITS
between Columbia Gas Transmission, LLC ("Transporter")
and Johnson County Gas Company ("Shipper")

Transportation Quantity

<u>Begin</u> <u>Date</u>	<u>End</u> <u>Date</u>	<u>Transportation</u> <u>Quantity Dth/day</u>
February 3, 2012	March 31, 2012	69

Service pursuant to this Appendix A, Revision No. 0 shall be effective from February 3, 2012 through March 31, 2012 and will cancel and supersede the previous Appendix A to this Service Agreement, Revision No. _____, dated _____. The Master List of Interconnects ("MLI") as defined in Section 1 of the General Terms and Conditions is incorporated herein by reference for purposes of listing valid interruptible receipt points and delivery points.

Johnson County Gas Company
By Bud Rife

Title 

Date February 3, 2012

COLUMBIA GAS TRANSMISSION, LLC
By William Weber

Title Contracts Team Lead

Date February 3, 2012

IPP SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 9 day of July, 2012, by and between COLUMBIA GAS TRANSMISSION, LLC ("Transporter") and JOHNSON COUNTY GAS COMPANY ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive an accounting service in accordance with the provisions of the effective IPP Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Fourth Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission ("Commission"), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. Subject to the limitations set forth in the IPP Rate Schedule, Transporter shall provide an accounting service for gas supplies pooled by Shipper on an interruptible basis.

Section 2. Term. Service under this Agreement shall commence as of July 9, 2012 and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice. Pre-granted abandonment shall apply upon termination of this Agreement.

Section 3. Rates. Shipper shall pay Transporter any charges and furnish any Retainage as may be described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 5151 San Felipe, Suite 2500, Houston, Texas 77056, Attention: Customer Services and notices to Shipper shall be addressed to it at P.O. Box 447 Betsy Layne, KY 41605, Attention: Bud Rife, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements: N/A.

JOHNSON COUNTY GAS COMPANY

COLUMBIA GAS TRANSMISSION, LLC

By Bud Rife

By Bill Hammers

Title 

Title _____

Date July 9, 2012

Date July 9, 2012

ITS SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 3 day of February 2012, by and between COLUMBIA GAS TRANSMISSION, LLC ("Transporter") and Johnson County Gas Company ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective ITS Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Fourth Revised Volume No. 1 ("Tariff"), on file with the Federal Energy Regulatory Commission (Commission), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. The maximum obligation of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission.

Section 2. Term. Service under this Agreement shall commence as of February 3, 2012 and shall continue from month to month thereafter until terminated by either Transporter or Shipper upon thirty days prior notice. Pre-granted abandonment shall apply upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's regulations and Transporter's Tariff.

Section 3. Rates. Shipper shall pay Transporter the charges and furnish Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: (a) specified quantities (contract demand or commodity quantities); (b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; (c) quantities during specified time periods; (d) quantities at specified points, locations, or other defined geographical areas; (e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported); and (f) production and/or reserves committed by the Shipper. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in Transporter's maximum rate so that

such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 5151 San Felipe, Suite 2500, Houston, Texas 77056, Attention: Customer Services and notices to Shipper shall be addressed to it at P.O. Box 447 Betsy Layne, KY 41605, Attention: Bud Rife, until changed by either party by written notice.
, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements: N/A.

Johnson County Gas Company
By Bud Rife

Title 

Date February 3, 2012

COLUMBIA GAS TRANSMISSION, LLC
By William Weber

Title Contracts Team Lead

Date February 3, 2012



niSource®

COLUMBIA GAS TRANSMISSION, LLC
PAGE 1 OF 2

Johnson County Gas Company
JCG Accounts Payable
P. O. Box 339
Harold KY 41695

INVOICE DATE: 3/13/2012
GAS SERVICE INVOICE
FOR ACCOUNTING PERIOD
FEBRUARY 2012

NEXT DUE DATE: 3/23/2012

SERVICE REQUESTER/DUNS NO
000505 072667173

INVOICE ID AR INVOICE ID
120200244 TR-021200244-51

PREVIOUS BALANCE	0.00
TOTAL PAYMENTS RECEIVED	0.00
INTEREST	0.00
ADJUSTMENTS	0.00
BALANCE ON 3/01/2012	0.00

***** FEBRUARY 2012 CURRENT MONTH VOLUME(S) *****

SERVICE REQUESTOR CONTRACT NO: 35261

SERVICE CODE: ITS

LN NO	TRANS TYPE	RECEIPT/DRN LOCATION	DELIVERY/DRN LOCATION	QUANTITY	PRICE	AMOUNT DUE
00001	Commodity	B9/28421 BROAD RUN-19	804310/6282 JOHNSON CO. GAS GO	2,574	0.2327	598.96980
CONTRACT 35261 TOTAL						598.97

REMIT TO
Columbia Gas Transmission, LLC
P.O. Box 641475
Pittsburgh, PA 15264-1475

REMIT BY ELECTRONIC TRANSFER TO
PAYEE: COLUMBIA GAS TRANSMISSION, LLC
ABA # 043000096
ACCOUNT # 1001742895
PNC BANK NA
PITTSBURGH, PA

TOTAL DUE CURRENT MONTH

598.97

INVOICE TOTAL AMT COLUMBIA GAS TRANSMISSION, LLC

598.97

CONTACT FOR QUESTIONS

NGTSbilling@nisource.com

PAID

CK. NO. 4-1185
DATE 4-20-12

J.C.S



COLUMBIA GAS TRANSMISSION, LLC
PAGE 1 OF 2

Johnson County Gas Company
JCG Accounts Payable
P. O. Box 339
Harold KY 41635

INVOICE DATE: 4/12/2012
GAS SERVICE INVOICE
FOR ACCOUNTING PERIOD
MARCH 2012

NEXT DUE DATE: 4/23/2012

SERVICE REQUESTER/DUNS NO
000505 072667173

INVOICE ID AR INVOICE ID
120300244 TR-031200244-51

PREVIOUS BALANCE	598.97
TOTAL PAYMENTS RECEIVED	0.00
INTEREST	0.00
ADJUSTMENTS	0.00
BALANCE ON 4/01/2012	598.97

***** MARCH 2012 CURRENT MONTH VOLUME(S) *****

SERVICE REQUESTOR CONTRACT NO: 35261

SERVICE CODE: ITS

LN NO	TRANS TYPE	RECEIPT/DRN LOCATION	DELIVERY/DRN LOCATION	QUANTITY	PRICE	AMOUNT DUE
00001	Commodity - February, 2012 PPA	B9/28421 BROAD RUN-19	804310/6282 JOHNSON CO. GAS CO.	-2,574	0.2327	-598.96980
00002	Commodity - February, 2012	B9/28421 BROAD RUN-19	804310/6282 JOHNSON CO. GAS CO.	1,053	0.2327	245.03310
00003	Commodity	B9/28421 BROAD RUN-19	804310/6282 JOHNSON CO. GAS CO.	1,043	0.2327	242.70610
CONTRACT 35261 TOTAL						-111.23

REMIT TO
Columbia Gas Transmission, LLC
P.O. Box 641475
Pittsburgh, PA 15264-1475

REMIT BY ELECTRONIC TRANSFER TO
PAYEE: COLUMBIA GAS TRANSMISSION, LLC
ABA # 043000096
ACCOUNT # 1001742895
PNC BANK NA
PITTSBURGH, PA

TOTAL DUE CURRENT MONTH

-111.23

INVOICE TOTAL AMT COLUMBIA GAS TRANSMISSION, LLC

487.74

CONTACT FOR QUESTIONS

NGTSbilling@nisource.com

PAID

CK. NO. 1185

DATE 4-20-12

J.C.G.

Bradco Oil Company

P.O. Box 221
 Prestonsburg, KY 41653

INVOICE

Invoice Number: Jan. 2013
 Invoice Date: Jan 23, 2012
 Page: 1

Voice: 606-886-2303
 Fax:

Duplicate

Bill To:
Johnson Co. Gas Company P.O Box 447 Betsy Lane, KY 41605

Ship to:
Johnson Co. Gas Company P.O Box 447 Betsy Lane, KY 41605

Customer ID	Customer PO	Payment Terms	
JOHNSON CO. GAS COMP		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
			2/22/12

Quantity	Item	Description	Unit Price	Amount
533.00		12/02/11 thru 01/02/12	8.50	4,530.50
<p>PAID</p> <p>CK. NO. <u>1123</u></p> <p>DATE <u>1-27-12</u></p> <p>Rm</p>				
Subtotal				4,530.50
Sales Tax				
Total Invoice Amount				4,530.50
Payment/Credit Applied				
TOTAL				4,530.50

Check/Credit Memo No:

Bradco Oil Company

P.O. Box 221
 Prestonsburg, KY 41653

INVOICE

Invoice Number: Jan 2012
 Invoice Date: Mar 1, 2012
 Page: 1

Voice: 606-886-2303
 Fax:

Duplicate

Bill To:
 Johnson Co. Gas Company
 P.O Box 447
 Betsy Lane, KY 41605

Ship to:
 Johnson Co. Gas Company
 P.O Box 447
 Betsy Lane, KY 41605

Customer ID	Customer PO	Payment Terms	
JOHNSON CO. GAS COMP		15 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
	US Mail		3/15/12

Quantity	Item	Description	Unit Price	Amount
473.00		01/02/12 thru 02/01/12	8.50	4,020.50
<p>PAID CK. NO. <u>1160</u> DATE <u>3-14-12</u> JLG</p>				
Subtotal				4,020.50
Sales Tax				
Total Invoice Amount				4,020.50
Payment/Credit Applied				
TOTAL				4,020.50

Check/Credit Memo No:

Bradco Oil Company

P.O. Box 221
 Prestonsburg, KY 41653

INVOICE

Invoice Number: 040212
 Invoice Date: Apr 9, 2012
 Page: 1
 Duplicate

Voice: 606-886-2303
 Fax:

Bill To:
Johnson Co. Gas Company P.O Box 447 Betsy Lane, KY 41605

Ship to:
Johnson Co. Gas Company P.O Box 447 Betsy Lane, KY 41605

Customer ID	Customer PO	Payment Terms	
JOHNSON CO. GAS COMP		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
	US Mail		5/9/12

Quantity	Item	Description	Unit Price	Amount
456.00		2/01/2012 thru 3/01/2012	8.50	3,876.00
<p>PAID CK. NO. <u>1173</u> DATE <u>4-5-12</u> <i>J.C. Gas</i></p>				
Subtotal				3,876.00
Sales Tax				
Total Invoice Amount				3,876.00
Payment/Credit Applied				
TOTAL				3,876.00

Check/Credit Memo No:

Bradco Oil Company

P.O. Box 221
 Prestonsburg, KY 41653

INVOICE

Invoice Number: March Billing
 Invoice Date: May 2, 2012
 Page: 1
 Duplicate

Voice: 606-886-2303
 Fax:

Bill To:
Johnson Co. Gas Company P.O Box 447 Betsy Lane, KY 41605

Ship to:
Johnson Co. Gas Company P.O Box 447 Betsy Lane, KY 41605

Customer ID	Customer PO	Payment Terms	
JOHNSON CO. GAS COMP		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
	US Mail		6/1/12

Quantity	Item	Description	Unit Price	Amount
338.00		03/01/12 thru 04/02/12	8.50	2,873.00
<p>PAID CK. NO. <u>1202</u> DATE <u>5-15-12</u> J.C.D.</p>				

Subtotal	2,873.00
Sales Tax	
Total Invoice Amount	2,873.00
Payment/Credit Applied	
TOTAL	2,873.00

Check/Credit Memo No:

Bradco Oil Company

P.O. Box 221
 Prestonsburg, KY 41653

INVOICE

Invoice Number: April 2012
 Invoice Date: May 29, 2012
 Page: 1

Voice: 606-886-2303
 Fax:

Duplicate

Bill To:
 Johnson Co. Gas Company
 P.O Box 447
 Betsy Lane, KY 41605

Ship to:
 Johnson Co. Gas Company
 P.O Box 447
 Betsy Lane, KY 41605

Customer ID	Customer PO	Payment Terms	
JOHNSON CO. GAS COMP		Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
	US Mail		6/28/12

Quantity	Item	Description	Unit Price	Amount
226.00		April Billing	8.50	1,921.00
				<p>JCG</p> <p>PAID</p> <p>CK. NO. <u>1213</u></p> <p>DATE <u>6-4-12</u></p>
Subtotal				1,921.00
Sales Tax				
Total Invoice Amount				1,921.00
Payment/Credit Applied				
TOTAL				1,921.00

Check/Credit Memo No:



Steve L. Beshear
Governor

David L. Armstrong
Chairman

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission

James Gardner
Vice Chairman

211 Sower Blvd.
P.O. Box 615
Frankfort Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Linda Breathitt
Commissioner

June 29, 2012

Bud Rife, Manager
Johnson County Gas Company, Inc.
P. O. Box 339
Harold, KY 41635

RE: Case No. **2012-00227**

We enclose one attested copy of Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

JD/ke
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
JOHNSON COUNTY GAS COMPANY) 2012-00227

O R D E R

On June 4, 2012, Johnson County Gas Company ("Johnson County") filed an application to adjust its Gas Cost Adjustment ("GCA") rate to become effective July 1, 2012. In the Commission's Order for Case No. 2012-00094,¹ the Commission quoted a statement from Johnson County's transmittal letter that, in the future, supplier rates would be \$6.00 per Mcf. On this basis, Johnson County's Expected Gas Cost was pro-rated so that June volumes from its supplier, Bradco, and the future source of the NiSource volumes, Hall, Stephens, and Hall, were priced at \$6.00 per Mcf. Johnson County was also ordered to provide both supply contracts to the Commission when executed, along with an explanation of the reasonableness of the \$6.00 per Mcf rates given the relatively low current market price for gas. Johnson County's application in this proceeding includes an \$8.50 per Mcf rate for Bradco and a \$4.14 per Mcf rate of unknown origin for NiSource, with no explanation given for the status of its gas supply contracts other than a statement in its transmittal letter that Johnson County is in the process of negotiating contracts.

¹ Case No. 2012-00094, Purchased Gas Adjustment Filing of Johnson County Gas Company (Ky. PSC Apr. 13, 2012).

The Commission is particularly concerned about Johnson County's gas supply contract situation because the utility has declared bankruptcy, and all of its gas suppliers are creditors in that proceeding. The Commission finds that the investigation of Johnson County's gas supply and cost cannot be completed prior to 30 days from the filing date. Based on the June 4, 2012 filing date, the earliest possible effective date of Johnson County's proposed decrease in rates according to the terms of its GCA tariff would be July 1, 2012. Therefore, the Commission will suspend the effective date of the proposed rates for five months from July 1, 2012.

IT IS THEREFORE ORDERED that:

1. Johnson County's proposed rates are suspended for five months from July 1, 2012 up to and including December 1, 2012.

2. a. The information requested in the Appendix attached hereto and incorporated herein is due within 20 days of the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties of record and ten copies to the Commission.

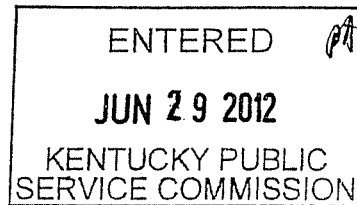
b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

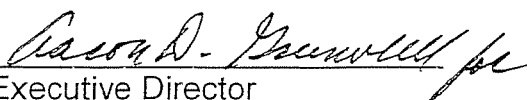
3. Nothing shall prevent the Commission from issuing an Order prior to the end of the suspension period.

By the Commission



Commissioner Breathitt is abstaining from this proceeding.

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00227 DATED **JUN 29 2012**

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
JOHNSON COUNTY GAS COMPANY

1. Provide copies of all supplier invoices for each month of 2012.
2. Provide proof of payment for each supplier invoice for each month of 2012.
3. Provide Mcf sales and Mcf purchases, by supplier, for each month of 2012.
4. Provide the identity of the supplier of the 4,574 Mcf from the source identified as NiSource shown on Schedule II of the application.
5. Describe the status of supply contract negotiations with Bradco, EQT, and the supplier of the volumes identified as NiSource, and Johnson County's efforts to ensure that it obtains the lowest possible gas cost for its customers.
6. If the supplier of the volumes delivered through NiSource is an affiliate of Johnson County pursuant to KRS 278.010(18), describe Johnson County's efforts to address the statutory concern set out in KRS 278.274(3) to ensure that the price for those volumes is no higher than current market prices for gas which are negotiated at arm's length.