

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO JOHNSON COUNTY GAS COMPANY, INC. AND BUD RIFE

Johnson County Gas Company, Inc. (Johnson County), and Bud Rife, pursuant to 807 KAR 5:001, are to file with the Commission the original and an electronic version of the following information. The information requested herein is due on March 21, 2019. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

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

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

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

1. Refer to Case No. 2018-00434,¹ Application, Outstanding Debt Instruments Attachment, Promissory Note between Johnson County and Mr. Rife for \$47,700.00 that was executed on December 28, 2018. The Promissory Note states that “Rife has loaned money to Johnson County, or has advanced services to Johnson County.”

a. Provide the date or dates that Mr. Rife loaned money to Johnson County and the amount of each loan that is included in the \$47,700.00 Promissory Note.

b. Provide all documentation that supports each loan that Mr. Rife made to Johnson County that is included in the \$47,700.00 Promissory Note.

¹ Case No. 2018-00434, *Application of Johnson County Gas Company for an Alternative Rate Adjustment* (filed Feb. 4, 2019).

- c. Explain in specific detail the purpose for each loan made to Johnson County by Mr. Rife that is included in the \$47,700.00 Promissory Note.
- d. Provide the date of service provided, type of service provided, and the amount billed for each service provided by Mr. Rife to Johnson County that is included in the \$47,700.00 Promissory Note.
- e. Provide all documentation, including but not limited to invoices, that supports the amount for services that Mr. Rife provided to Johnson County that is included in the \$47,700.00 Promissory Note.
- f. Explain in specific detail the reasons why a twenty-year term was selected for repayment of the \$47,700.00 Promissory Note.
- g. State whether any payments have been made on the \$47,700.00 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$47,700.00 Promissory Note.
- h. State whether the proceeds of the \$47,700.00 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.
- i. State whether the proceeds of the \$47,700.00 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.
- j. State whether the proceeds of the \$47,700.00 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.
- k. Provide a list of all projects completed or assets purchased with the proceeds of the \$47,700.00 Promissory Note.

l. Provide the asset ledger that is associated with the \$47,700.00 Promissory Note.

m. Provide documentation of any collateral that secures the \$47,700.00 Promissory Note.

2. Refer to Case No. 2018-00434, Application, Outstanding Debt Instruments Attachment, Promissory Note between Johnson County and Bud Rife Construct Company (Rife Construction) for \$15,198.00 that was executed on December 28, 2018. The Promissory Note states that “[Rife] Construction has loaned money to [Johnson County], or has advanced services to [Johnson County].”

a. Provide the date or dates that Rife Construction loaned money to Johnson County and the amount of each loan that is included in the \$15,198.00 Promissory Note.

b. Provide all documentation that supports each loan that Rife Construction made to Johnson County that is included in the \$15,198.00 Promissory Note.

c. Explain in specific detail the purpose for each loan made to Johnson County by Rife Construction that is included in the \$15,198.00 Promissory Note.

d. Provide the date of service provided, type of service provided, and amount billed for each service provided by Rife Construction to Johnson County that is included in the \$15,198.00 Promissory Note.

e. Provide all documentation, including but not limited to invoices, that supports the amount for services that Rife Construction provided to Johnson County that is included in the \$15,198.00 Promissory Note.

f. Explain in specific detail the reasons why a five-year term was selected for repayment of the \$15,198.00 Promissory Note as opposed to a shorter term, such as a two-year term.

g. State whether any payments have been made on the \$15,198.00 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$15,198.00 Promissory Note.

h. State whether the proceeds of the \$15,198.00 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.

i. State whether the proceeds of the \$15,198.00 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.

j. State whether the proceeds of the \$15,198.00 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.

k. Provide a list of all projects completed or assets purchased with the proceeds of the \$15,198.00 Promissory Note.

l. Provide the asset ledger that is associated with the \$15,198.00 Promissory Note.

m. Provide documentation of any collateral that secures the \$15,198.00 Promissory Note.

3. Refer to Case No. 2018-00434, Application, Outstanding Debt Instruments Attachment, Promissory Note between Johnson County and Hall, Stephens, & Hall Gas Company (Hall Stephens Hall) for \$82,047.00 that was executed on December 28, 2018.

The Promissory Note states that “Hall Stephens Hall has loaned money to Johnson County, or has advanced services to Johnson County” and that the money owed to Hall Stephens Hall is for past due natural gas delivered to Johnson County.

a. Provide the date or dates that Hall Stephens Hall loaned money to Johnson County and the amount of each loan that is included in the \$82,047.00 Promissory Note.

b. Provide all documentation that supports each loan that Hall Stephens Hall made to Johnson County that is included in the \$82,047.00 Promissory Note.

c. Explain in specific detail the purpose for each loan made to Johnson County by Hall Stephens Hall that is included in the \$82,047.00 Promissory Note.

d. State the period over which the natural gas was delivered to Johnson County.

e. State whether Johnson County included natural gas purchases from Hall Stevens Hall in the calculation of its Gas Cost Adjustment (GCA) mechanism during the period identified in part d. above.

f. Provide any contracts or agreements between Johnson County and Hall Stevens Hall.

g. Provide the date of service provided, type of service provided, and amount billed for each service provided by Hall Stephens Hall to Johnson County that is included in the \$82,047.00 Promissory Note.

h. Provide all documentation, including but not limited to invoices, that supports the amount for services that Hall Stephens Hall provided to Johnson County that is included in the \$82,047.00 Promissory Note.

i. Explain in specific detail the reasons why a twenty-year term was selected for repayment of the \$82,047.00 Promissory Note.

j. State whether any payments have been made on the \$82,047.00 Promissory Note. If payments have been made, provide canceled checks or other documentation that evidences payments made on the \$82,047.00 Promissory Note.

k. State whether the proceeds of the \$82,047.00 Promissory Note were used to pay for debt service, and, if so, identify the underlying debt.

l. State whether the proceeds of the \$82,047.00 Promissory Note were used to avoid late charges, and, if so, state the expense for which late charges were avoided.

m. State whether the proceeds of the \$82,047.00 Promissory Note were used to pay for daily operating expenses, and, if so, state which expense, the amount paid for each expense, and the date the expense was incurred.

n. Provide a list of all projects completed or assets purchased with the proceeds of the \$82,047.00 Promissory Note.

o. Provide the asset ledger that is associated with the \$82,047.00 Promissory Note.

p. Provide documentation of any collateral that secures the \$82,047.00 Promissory Note.

4. Refer to Case No. 2018-00434, Application, Attachment SR, which states that Johnson County “has been operating under a Chapter 13 Bankruptcy at a loss for several years.”

a. Provide the Bankruptcy case style and action number, and provide a copy of the most recent docket with all case activity.

b. Provide a list of creditors with secured and unsecured claims, and amount of debt that Johnson County owes to each creditor that was filed in the bankruptcy case.

c. Explain why Johnson County, a Kentucky corporation in good standing, has been operating under a Chapter 13 bankruptcy, which is available to individuals but not to corporations, pursuant to 11 U.S.C. § 109(1).

5. Confirm that Johnson County has collected \$6.4140 per thousand cubic feet (Mcf), pursuant to its GCA clause of its tariff, since July 1, 2013. If this cannot be confirmed, provide the rates charged and the effective dates of any changes.

6. Provide invoices for Johnson County’s natural gas purchases from 2013 to the present.

7. Provide Mcf sales and purchases, by supplier, for each month from 2013 to the present. Consider this an ongoing request.

8. Explain why Johnson County has failed to file its quarterly GCA, pursuant to its tariff and the Commission’s Order in Case No. 2011-00184.²

9. Provide any gas supply contracts or agreements between Johnson County and its gas suppliers.

² Case No. 2011-00184, *Johnson County Gas Company, Inc. and Bud Rife, Individually and as Sole Officer of the Utility Alleged Failure to Comply with Commission Orders* (Ky. PSC Mar. 9, 2012).

10. Explain whether Johnson County uses any fixed gas contracts when purchasing gas from its suppliers. If so, provide those contracts.
11. Provide a list of suppliers that provide natural gas to Johnson County.

For 

Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
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DATED **MAR 06 2019**

cc: Parties of Record

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