

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE GAS)	
COSTS OF JOHNSON COUNTY GAS)	CASE NO.
COMPANY, INC. AND HALL, STEPHENS AND)	2020-00122
HALL GAS COMPANY PURSUANT TO KRS)	
278.2207, AND KRS 278.274)	

NOTICE OF FILING

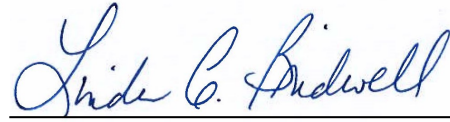
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on March 18, 2021 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- Settlement Agreement introduced at the evidentiary hearing conducted on March 18, 2021 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on March 18, 2021.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/OTxsbJLH1Mc>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 29^h day of March 2021.

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style with a large initial 'L' and 'B'.

Linda C. Bridwell
Executive Director
Public Service Commission of Kentucky

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HALL GAS COMPANY PURSUANT TO)	2020-00122
KRS 278.2207, AND KRS 278.274)	

CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on March 18, 2020. The Formal Hearing Log is included with the recording on March 18, 2020;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of March 18, 2020; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of March 18, 2020, and the time at which each occurred.

Signed this 18th day of March, 2021.



Candace H. Sacre
Administrative Specialist III



Stephanie Schweighardt
Notary Public State at Large
Commission Expires: January 14, 2023
ID#: 614400



Session Report - Detail

2020-00122 18Mar2021

Johnson County Gas Company (Johnson County) and Hall Stephens Hall (Hall)

Date:	Type:	Location:	Department:
3/18/2021	Public Hearing\Public Comments	Hearing Room 1	Public Hearing

Witness: Bud Rife
 Judge: Kent Chandler; Talina Mathews; Michael Schmitt
 Clerk: Candace Sacre

Event Time	Log Event	
1:07:13 PM	Session Started	
1:07:19 PM	Camera Lock Deactivated	
1:07:40 PM	Chairman Schmitt Note: Sacre, Candace	On the record in Case No. 2020-00122, ELECTRONIC INVESTIGATION OF THE GAS COSTS OF JOHNSON COUNTY GAS COMPANY, INC. AND HALL, STEPHENS AND HALL GAS COMPANY PURSUANT TO KRS 278.2207, AND KRS 278.274.
1:08:07 PM	Chairman Schmitt Note: Sacre, Candace	Michael Schmitt, Chairman, presiding. Introduction of Vice Chairman Kent Chandler and Commissioner Talina Mathews, appearing by videoconferencing.
1:08:21 PM	Chairman Schmitt Note: Sacre, Candace	Reached tentative agreement, counsel introduce along with clients.
1:08:36 PM	Atty Childers Johnson County/Hall Note: Sacre, Candace	Joe Childers, counsel for Johnson County Gas and Hall Stephens and Hall, with me Bud Rife.
1:08:50 PM	Chairman Schmitt Note: Sacre, Candace	For Commission Staff?
1:08:52 PM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Nancy Vinsel, for Commission Staff.
1:09:01 PM	Chairman Schmitt Note: Sacre, Candace	Stipulation of Facts and Settlement Agreement?
1:09:25 PM	Atty Childers Johnson County/Hall Note: Sacre, Candace	Yes, ready to proceed.
1:09:33 PM	Chairman Schmitt Note: Sacre, Candace	Reading of Stipulation of Facts and Settlement Agreement. (Click on link for further comments.)
1:17:32 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Childers, accurately read?
1:17:40 PM	Atty Childers Johnson County/Hall Note: Sacre, Candace	Yes.
1:17:46 PM	Chairman Schmitt Note: Sacre, Candace	Ms. Vinsel, concur accurately read?
1:17:59 PM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Yes, I agree.
1:18:12 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
1:18:31 PM	Chairman Schmitt - witness Rife Note: Sacre, Candace	Examination. Aware and participate in negotiations resulted in settlement agreement?

1:18:49 PM	Chairman Schmitt - witness Rife Note: Sacre, Candace	Voluntarily sign?
1:19:03 PM	Chairman Schmitt - witness Rife Note: Sacre, Candace	Any provisions not understaned, object, or take issue?
1:19:15 PM	Chairman Schmitt - witness Rife Note: Sacre, Candace	Consideration offered or promises made to induce sign?
1:19:34 PM	Chairman Schmitt - witness Rife Note: Sacre, Candace	Aware reason Commission not adopt settlement agreement?
1:19:47 PM	Chairman Schmitt Note: Sacre, Candace	With that, Dr. Mathews, read and considered, consent or vote to accept?
1:20:10 PM	Commissioner Mathews Note: Sacre, Candace	Yes.
1:20:13 PM	Chairman Schmitt Note: Sacre, Candace	Vice Chairman Chandler, read and considered, consent or vote to accept?
1:20:21 PM	Vice Chairman Chandler Note: Sacre, Candace	I do.
1:20:22 PM	Chairman Schmitt Note: Sacre, Candace	And so do I, Commission unanimously voted to accept stipulation agreement.
1:20:33 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Childers, anything else?
1:20:40 PM	Atty Childers Johnson County/Hall Note: Sacre, Candace	No.
1:20:44 PM	Chairman Schmitt Note: Sacre, Candace	If nothing further, this hearing is adjourned.
1:20:55 PM	Session Paused	
1:20:59 PM	Session Ended	

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COSTS OF JOHNSON COUNTY GAS COMPANY,)	2020-00122
INC. AND HALL, STEPHENS AND HALL GAS)	
COMPANY PURSUANT TO KRS 278.2207, AND)	
KRS 278.274)	

STIPULATION OF FACTS AND SETTLEMENT AGREEMENT

By Order entered April 14, 2020, the Commission initiated this proceeding to determine whether Johnson County Gas Company (Johnson County) and Hall Stephens Hall (Hall) violated KRS 278.2207(1)(b) and KRS 278.274 as follows: (1) whether Hall sold gas to its affiliate Johnson County between April 1, 2013, and September 3, 2019, at cost of gas that was greater than market, which is prohibited by KRS 278.2207(1)(b); (2) whether the Gas Cost Recovery (GCR) component of Johnson County's rates and the rates charged by Hall between April 1, 2013, and September 3, 2019, are fair, just, and reasonable as required by KRS 278.274 for natural gas purchased by a utility from an intrastate affiliate; and (3) whether the GCR component of Johnson County's rates should not be reduced to market along with a corresponding reduction to the cost of gas sold by Hall to Johnson County between April 1, 2013, and September 3, 2019, under KRS 278.274.

As a result of an agreement in principle, Johnson County, Hall, and Commission Staff submit the following Stipulation of Facts and Settlement Agreement (“Stipulation”) for the Commission’s consideration in rendering its decision in this proceeding.

1. Johnson County is a Kentucky corporation, solely owned by Bud Rife, and provides retail natural gas service to approximately 274 customers in Johnson County, Kentucky, and is a utility subject to Commission jurisdiction.

2. Hall is a joint venture that transports and sells natural gas within Kentucky, whose sole customer is Johnson County, and Mr. Rife is a minority owner and manager of Hall.

3. For six years, between April 1, 2013, and September 3, 2019, Johnson County failed to file quarterly GCR rate report filings with the Commission. The GCR rate applied to customer bills between April 1, 2013, and September 3, 2019, was based on a \$6.0000 per Mcf contract price between Hall and Johnson County.

4. Johnson County agrees to refund to its customers \$9,450.00, which represents the difference between \$6.00 per Mcf charged by Hall for gas purchased in 2019, and \$4.65 per Mcf had Johnson County purchased the gas from Diversified Gas and Oil Corporation (Diversified). The \$4.65 per Mcf rate is the average price that Johnson County paid to Diversified between November 2020 and January 2021.

5. The Commission’s acceptance of this Stipulation is conditioned upon the closing of the asset sale and transfer of Johnson County to Navitas KY NG, LLC (Navitas) no later than June 30, 2021.¹

¹ Case No. 2020-00396, *Electronic Application of Navitas KY NG, Johnson County Gas Company, and B & H Gas Company for Approval of Acquisition, Transfer of Ownership, and Control of Natural Gas Utility Systems* (filed Dec. 28, 2020).

6. Provided that the asset sale and transfer of Johnson County to Navitas closes no later than June 30, 2021, this Stipulation and Settlement will satisfy and resolve any and all claims against Johnson County and Hall for any violation of KRS Chapter 278 raised in this proceeding.

7. This proceeding will be held in abeyance provided that the asset sale and transfer of Johnson County to Navitas closes no later than June 30, 2021. If the asset sale and transfer of Johnson County to Navitas fails to close no later than June 30, 2021, this proceeding will be returned to the Commission's active docket.

8. This Stipulation is not an admission by Johnson County and Hall that it willfully violated KRS 278.2207(1)(b) and KRS 278.274, or any other provision of KRS Chapter 278. The Commission's acceptance of this Stipulation shall not be construed as a finding that Johnson County and Hall willfully violated any statute.

9. In the event the Commission does not accept this Stipulation in its entirety, Johnson County and Hall reserves the right to withdraw therefrom and require that a hearing be held on any and all issues herein, and that none of the provisions contained herein shall be used as an admission by Johnson County and Hall of any liability in any legal proceeding or lawsuit arising out of the facts set forth in this Stipulation.

10. This Stipulation is for use in Case No. 2020-00122 only. None of its provisions establishes any precedent for any other case. Neither Johnson County, Hall, nor Commission Staff shall be bound by any part of this Stipulation in any other proceeding, except that it may be used in any proceeding by the Commission to investigate or enforce the terms of this Stipulation. Johnson County and Hall shall not be

precluded or estopped from raising any issue, claim, or defense, therein by reason of the execution of this Stipulation.

11. If the Commission accepts and adopts this Stipulation, Johnson County's or Hall's failure to comply with Paragraph 4 of this Stipulation will constitute failure to comply with a Commission Order and may be subject to civil penalties under KRS 278.990(1) for its failure.

12. Johnson County, Hall, and Commission Staff agree that the foregoing Stipulation is reasonable, is in the public interest, and should be adopted in its entirety by the Commission. If adopted by the Commission, Johnson County and Hall waive their right to a hearing in this matter and will not petition for rehearing or bring an action for review in Franklin Circuit Court.

JOHNSON COUNTY GAS COMPANY

By Bud [Signature]
Title President
Date 3/18/21

HALL, STEPHENS AND HALL

By Bud [Signature]
Title Manager
Date 3/18/21

STAFF OF THE PUBLIC SERVICE COMMISSION

By [Signature]
Title Acting General Counsel
Date 3/18/21

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Betsy Layne, KY 41605

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