

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT ) CASE NO.  
FILING OF SENTRA CORPORATION ) 2017-00154

ORDER

On November 17, 1998, in Case No. 1997-00429, the Commission approved initial operations and rates for Sentra Corporation (“Sentra”).<sup>1</sup> On August 16, 2016, the Commission approved changes to Sentra’s Purchased Gas Adjustment (“PGA”) clause in Case No. 2016-00139.<sup>2</sup> Those changes updated the methodology of calculating the components of Sentra’s gas cost via a Gas Cost Recovery (“GCR”) rate mechanism.

On March 29, 2017, Sentra filed its GCR rate application with rates proposed to be effective May 1, 2017. Sentra responded to one Staff Request for Information (“Staff’s First Request”).

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Sentra’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

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<sup>1</sup> Case No. 1997-00429, *The Petition of Sentra Corporation for a Certificate of Convenience and Necessity to Construct Facilities, Approval of Financing, Approval of Initial Rates and Operation of a Natural Gas Distribution System for the City of Fountain Run, Kentucky* (Ky. PSC Nov. 17, 1998).

<sup>2</sup> Case No. 2016-00139, *An Investigation of the Gas Costs of Sentra Corporation Pursuant to KRS 278.2207, the Wholesale Gas Price It is Charged by Its Affiliate, Magnum Hunter Production, Inc., Pursuant to KRS 278.274, and the Structure of the Purchased Gas Adjustment Clause Contained in Its Filed Tariff* (Ky. PSC Aug. 16, 2016).

2. Sentra's notice sets out an Expected Gas Cost ("EGC") of \$3.6586 per Mcf. Sentra's projected gas purchase volumes are priced using the most current available New York Mercantile Exchange ("NYMEX") Natural Gas futures prices for April through June 2017. The EGC calculation should be based on futures prices for May through July 2017, which is the period the revised rates will be in effect. Using the average of the high and low NYMEX prices for May through July produces a corrected EGC of \$3.6980, which is a decrease of \$.5375 per Mcf from its previous EGC of \$4.2355 per Mcf. Sentra's EGC includes a \$.29 per Mcf adder charged by its natural gas marketer, Greystone, LLC ("Greystone"), based on an average of six months of Greystone administrative charges.

3. Sentra's notice sets out no Refund Adjustment.

4. Sentra's response to Staff's First Request provided sufficient information for the period September 2016 through January 2017 to calculate its Actual Adjustment ("AA"). Correcting the "EGC in effect" for September and October to the EGC of \$3.2740 approved by the Commission, and prorating the over-recovery for September to account for the eight days that the EGC was in effect during that month, results in a current quarter and total AA of (\$.0393) per Mcf.

5. Sentra's notice sets out no Balancing Adjustment ("BA"). The BA will not be available to Sentra until it files its PGA application for rates effective August 1, 2018, at which time the Total Cost Difference of (\$1,050.55) from the AA approved herein effective May 1, 2017, will be reconciled with actual recoveries of gas cost through the AA over the 12 months ended April 30, 2018.

6. Sentra's corrected GCR rate is \$3.6587 per Mcf, which is a decrease of \$.5768 per Mcf from its previous GCR rate of \$4.2355 per Mcf.

7. The rates set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Sentra on and after May 1, 2017.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Sentra are denied.

2. The rates set forth in the Appendix to this Order are approved for service rendered on and after May 1, 2017.

3. Within 20 days of the date of this Order, Sentra shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2017-00154 DATED **APR 25 2017**

The following rates and charges are prescribed for the customers served by Sentra Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### RETAIL RATES:

##### RESIDENTIAL AND COMMERCIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge/month	\$5.00		
All Mcf	\$2.1440	\$3.6587	\$5.8027

##### INDUSTRIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge/month	\$10.00		
All Mcf	\$1.3197	\$3.6587	\$4.9784

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