

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF B&H GAS COMPANY, INC.)  
FOR APPROVAL OF FINANCING PURSUANT TO ) CASE NO. 94-513  
KRS 278.300 AND FOR A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY TO CONSTRUCT )

O R D E R

IT IS ORDERED that B&H Gas Company, Inc. ("B&H Gas") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record within 14 days of the date of this Order. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets is required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6.

1. Regarding the \$104,349.19 note payable outstanding to First Guaranty National Bank referred to on page 1 of the application, provide the following:

- a. A description of its purpose(s).
- b. A copy of the loan agreement.
- c. An amortization schedule.
- d. A statement of interest and principal payments made by B&H Gas up to and including January 1995.

2. Did B&H Gas apply for and receive Commission approval prior to making the \$104,349.19 note? If not, why not?

3. Refer to the Balance Sheets provided as Statement 2 of the application. Provide the following:

a. A description of the increases to Buildings and Other Depreciable Assets for each of the years shown. Update this information with data for 1994.

b. A depreciation schedule to support the level of depreciation recorded for each of the years 1989 through 1993. Update this with information for the 1994 calendar year.

c. A description of the \$2,732 Loan Receivable - BRC outstanding in 1993.

d. An aging of Accounts Payable.

e. A breakdown of the \$20,930 Accounts Payable - Other outstanding in 1993.

4. Refer to the Income Statements provided as Statement 2 of the application. Provide the following:

a. An explanation for the nearly 70 percent reduction in Natural Gas Purchases from 1992 to 1993 while Sales remained virtually constant.

b. An explanation for the negative Sales Taxes recorded for each year 1990, 1991, and 1992.

c. An explanation for the increases in Telephone expense in 1992 and 1993.

d. Supporting documentation for Depreciation Expense for each year 1989 through 1993. Update this with information for the 1994 calendar year.

5. Reconcile the natural gas purchases totalling \$52,603 as shown on the 1993 Income Statement included as Item 2 of the

application with the natural gas purchases totalling \$105,489 as recorded in B&H Gas's 1993 Annual Report.

6. Is East Kentucky Water, Inc. the only company which has submitted a pipeline construction bid? If no, identify the other companies which bid and explain why East Kentucky Water, Inc. was chosen. In what other gas pipeline construction has it participated?

7. Does the proposed project include installing pipe along new routes, or will only the present locations of existing pipe be utilized?

8. If new routes are to be used, are additional rights-of-way required? If yes, have they been acquired? If yes, from whom?

9. Does any of the proposed construction relate to work which will be performed on any gas well or pipelines owned by B&S Oil and Gas Company? If so, what work and at what cost?

10. From what manufacturer will plastic pipe be purchased?

11. Will any steel pipe remain in B&H Gas's system once the proposed construction is completed?

12. In its attachment to the application, Estimate to Replace Gas Distribution System, no cost is identified and no reference is made to tracer wire or location tape. Which does B&H Gas intend to install with the plastic pipe and what is the estimated cost?

13. If tracer wire is used, will it be stranded or solid? Will it be coated? Does B&H Gas plan to install one pound anodes to help prevent corrosion of the tracer wire?

Done at Frankfort, Kentucky, this 17th day of February, 1995.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director