

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF JEROME A. KANNEY)
AND DENNIS L. ROHRER FOR AUTHORIZATION)
OF THE ACQUISITION OF THE CORPORATE) CASE NO. 2005-00073
STOCK OF SIGMA GAS CORPORATION FROM)
ESTILL BRANHAM, BARKLEY STURGILL, AND)
RUTH CONLEY CLEMMONS)

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS TO JOINT APPLICANTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Jerome A. Kanney and Dennis L. Rohrer ("Joint Applicants") file the original and 6 copies of the following information with the Commission within 15 days of this request, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. 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.

1. Describe the due diligence review that the Joint Applicants have undertaken in conjunction with their offer to purchase the stock of Sigma Gas Corporation (“Sigma Gas”).

2. Describe the efforts that the Joint Applicants have undertaken, if any, to determine the availability of liability insurance for Sigma Gas after the proposed transfer of control occurs and the results of those efforts. List each insurance carrier or provider that has been contacted and the carrier’s response.

3. Describe the Joint Applicants’ intentions in the event that the proposed transfer of control is approved and no liability insurance coverage is obtainable.

4. At the first page of their application, Joint Applicants state: “Kanney and Rohrer desire to take Sigma Gas Corporation out of bankruptcy and resume operations of the corporation. Because of the bankruptcy laws and procedures, it became necessary to purchase the stock of the existing shareholders in order to bring the existing corporation out of bankruptcy. Once the corporation’s ownership transfer is approved by the PSC, Kanney & Rohrer can then file the necessary paperwork with the Bankruptcy Court to amend the bankruptcy filing toward the goal of restoring Sigma Gas Corporation as a viable operating entity.”

a. List and describe the amendments that Joint Applicants intend to make to Sigma Gas’s bankruptcy filing should the Commission approve the proposed transfer of control.

b. (1) State whether the Joint Applicants have developed a business plan for Sigma Gas once that corporation emerges from bankruptcy.

(2) If yes, describe the business plan.

(3) If no, state when the Joint Applicants expect to develop a plan and explain why a plan has not yet been developed.

5. At page 12 of their Application, Joint Applicants state: “Kanney and Rohrer intend to continue the service provided by Sigma with existing personnel and/or personnel from Interstate Natural Gas Company and affiliates, and/or new employees.”

a. Describe how the Joint Applicants intend to allocate salaries between Interstate Natural Gas Company (“Interstate”) and its affiliated companies.

b. List and describe all other costs that Sigma Gas will share with affiliated companies. Describe the methodology that Joint Applicants intend to use to allocate shared costs between the affiliated companies.

6. Refer to Joint Applicants’ Application, Exhibit A - Schedules D through F. Describe the Joint Applicants’ present plans, if any, for satisfying the claims of the various creditor classes to permit Sigma Gas to emerge from bankruptcy.

7. Refer to Joint Applicants’ Application, Exhibit A – Transfer of Stock Agreement between Joint Applicants and Estill Branham. Describe the “value received” that Joint Applicants provided to Mr. Branham for his outstanding shares of Sigma Gas.

8. Describe the Joint Applicants’ intentions regarding changes to Sigma Gas’s rates for the first 24 months following any transfer of control.

9. List and describe all meetings and discussions that Joint Applicants have had with Salyersville officials and Magoffin County officials regarding the proposed transfer of control.

10. State the Joint Applicants' intentions regarding the payment of Sigma Gas's present loan with the Governor's Office of Local Development after approval of the proposed transfer of control.

11. Describe the Joint Applicants' efforts to verify the size, type, and nature of Sigma Gas's existing distribution facilities.

12. Describe the changes, if any, that Joint Applicants would implement to Sigma Gas's current gas procurement practices if the proposed transfer is approved.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED March 29, 2005

cc: Parties of Record