

CASE

NUMBER:

99-074

Filing 7-12-99

KY. PUBLIC SERVICE COMMISSION

Index for Case: 1999-00074

AS OF : 03/06/07

Sigma Gas Corporation, Inc.

Financing

IN THE MATTER OF THE PETITION OF SIGMA GAS CORPORATION FOR APPROVAL OF FINANCING

SEQ NBR	Date	Remarks
1	03/02/99	Application.
2	03/04/99	Acknowledgement letter.
3	03/31/99	Def. letter, info due 4/15
4	(M) 04/09/99	RESPONSE TO ORDER OF MARCH 31,99 (SIGMA GAS JOHN HUGHES)
5	04/21/99	Second filing deficiencies letter; response due 5/3/99.
6	(M) 04/27/99	RESPONSE TO ORDER OF APRIL 21,99, AFFIDAVIT, FINANCING EXPENSES (SIGMA GAS JOHN HUGHES)
7	04/30/99	Deficiency cured letter.
8	05/17/99	Data Request Order; response due 6/1/99.
9	(M) 05/26/99	RESPONSE TO ORDER OF MAY 17,99 (JOHN HUGHES SIGMA GAS)
10	06/22/99	Data Request Order; info due 7/12; extends financing 60 days
11	(M) 07/12/99	SIGMA RESPONSE TO ORDER OF 6/22/99. (JOHN N. HUGHES/SIGMA GAS CORP.)
12	07/28/99	Data Request Order; response due 8/9
13	(M) 08/06/99	RESPONSE TO ORDER OF JULY 28,99 (JOHN HUGHES SIGMA GAS)
14	(M) 08/11/99	SUPPLEMENTAL RESPONSE TO ORDER OF JULY 28,99 (JOHN HUGHES SIGMA GAS)
15	10/01/99	FINAL ORDER; AUTHORIZED TO BORROW \$1,258,419 FROM DLG FOR A 30-YEAR PERIOD
16	(M) 10/08/99	RESPONSE TO ORDER OF OCT 1,99 PAYMENT TO VENDORS (JOHN HUGHES SIGMA GAS)
17	(M) 10/11/99	FINANCIAL STATEMENTS ENDING MONTH OF AUG 31,99 ALSO COMPETITIVE (ESTILL BRANHAM SIGMA GAS)
18	10/22/99	Order approving priority disbursement schedule
19	(M) 11/09/99	FINANCIAL STATEMENTS FOR NINE MONTHS ENDED SEPT 30,99 & MONTH OF SEPT (SUSAN CRUM SIGMA GAS CORP)
20	(M) 11/29/99	NOTICE THAT SIGMA WILL PROVIDE PROGRESS REPORT WITHIN 60 DAYS (SIGMA GAS ESTILL BRANHAM)
21	(M) 12/01/99	LETTER STATING THAT PROGRESS REPORT WILL BE FILED WITHIN 60 DAYS (ESTILL BRANHAM SIGMA GAS)
22	(M) 02/01/00	FINANCIAL STATEMENTS FOR MONTH OF OCT 31,99 (ESTILL BRANHAM SIGMA GAS)
23	(M) 03/02/00	COMPLIANCE TO PAGE 14 NO4 SUPPORT FOR RELATED PARTY TRANSACTION (ESTILL BRANHAM SIGMA GAS)
24	(M) 03/02/00	COMPLIANCE WITH PAGE 13, NO3 MAINTENANCE OF APPROPRIATE ACCOUNTING & FI (ESTILL BRANHAM SIGMA GAS)
25	03/14/00	First Reminder to Estill Branham re: quarterly reports(1st one due 1/30/2000).
26	(M) 03/30/00	QUARTERLY REPORT IN RESPONSE TO ORDER OF OCT 1,99 (SIGMA GAS).
27	(M) 04/07/00	RESPONSE TO ORDER, QUARTERLY REPORTS (SIGMA GAS)
28	(M) 04/24/00	2000 FINANCIAL STATEMENT (SIGMA GAS ESTILL BRANHAM)
29	(M) 07/20/00	FINANCIAL STATEMENTS & COMPARATIVE FINANCIAL STATEMENTS (ESTILL BRANHAM SIGMA GAS)
30	(M) 12/05/00	FINANCIAL STATEMENTS (SUSAN CRUM/SIGMA GAS CORPORATION)
31	(M) 02/02/01	FINANCIAL STATEMENTS FROM OCT, NOV & DEC 2000 (ESTILL BRANHAM SIGMA GAS)
32	(M) 04/27/01	FINANCIAL STATEMENT (SUSAN CRUM)
33	(M) 07/24/01	Susan A Crum - Dema Gas Company, Inc. - Financial statements of Sigma for April, May And June 2001
34	(M) 10/25/01	Susan A Crum - Dema Gas Company, Inc. - Statements of Sigma for July, August, and September 2001
35	(M) 03/18/02	Susan Crum - Sigma Gas Corporation, Inc. - Financial statements for October, November, & December 2001
36	(M) 05/03/04	Susan Crum - Sigma Gas Corporation, Inc. - Financial statements for Sigma for the Yr 2002
37	(M) 05/03/04	Susan Crum - Sigma Gas Corporation, Inc. - Financial statements for Calendar Yr 2003

- 38 (M) 05/07/04 Susan Crum - Sigma Gas Corporation, Inc. - Financial Statements of Sigma Gas for first quarter ended March 31, 2004
- 39 06/24/04 Order entered: (1) Sigma is relieved of its obligations to file reports of gas supply payments with its quarterly GCA filings, as previously required by 10/27/1998 Order in Case 1998-00244; (2) Sigma is relieved of its obligations to file the quarterly financial statements identified herein, as previously required by 10/01/1999 Order in Case 1999-00074

C

SIGMA GAS CORPORATION

Post Office Box 22

Salyersville, Kentucky 41465

(606) 349-1505

Estill Branham, Manager

Fax: 606-889-0466

May 5, 2004

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MAY 07 2004

PUBLIC SERVICE
COMMISSION

Thomas M. Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, KY 40602-0615

Re: Case No. 99-074

Dear Mr. Dorman:

I have enclosed the financial statements of Sigma Gas Corporation for the first quarter ended March 31, 2004 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Sincerely,



Susan A. Crum, Accountant

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the one month ended January 31,

OPERATING ACTIVITIES	<u>2004</u>
Net income (Loss) from Operations	(\$129,015.49)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,706.25
Interest income	(6.52)
Changes in operating assets and liabilities	
Increase in accounts receivable	(15,182.69)
Decrease in prepaid expenses	114.80
Increase in accounts payable	214,014.84
Increase in other current liabilities	<u>5,648.76</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$79,279.95</u>
INVESTING ACTIVITIES	
Addition to plant	0.00
Interest income	<u>6.52</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$6.52</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$79,286.47
CASH, BEGINNING BALANCE, 1/1/2004	\$42,703.74
CASH, ENDING BALANCE, 1/31/2004	\$121,990.21
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$285.88
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the two months ended February 28,

OPERATING ACTIVITIES	<u>2004</u>
Net income (Loss) from Operations	\$16,718.40
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,706.25
Interest income	(6.20)
Changes in operating assets and liabilities	
Decrease in accounts receivable	8,159.89
Decrease in prepaid expenses	114.80
Decrease in accounts payable	(4,641.39)
Increase in other current liabilities	<u>1,276.82</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$25,328.57</u>
INVESTING ACTIVITIES	
Addition to plant	0.00
Interest income	<u>6.20</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$6.20</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$25,334.77
CASH, BEGINNING BALANCE, 2/1/2004	\$121,990.21
CASH, ENDING BALANCE, 2/28/2004	\$147,324.98
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$33.13
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the three months ended March 31,

OPERATING ACTIVITIES	<u>2004</u>
Net income (Loss) from Operations	(\$236.04)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,706.25
Interest income	(7.40)
Changes in operating assets and liabilities	
Decrease in accounts receivable	27,473.84
Decrease in prepaid expenses	114.80
Decrease in accounts payable	(114,284.38)
Increase in other current liabilities	<u>1,907.86</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$81,325.07)</u>
INVESTING ACTIVITIES	
Increase in plant	0.00
Prior year adjustment	0.00
Interest income	<u>7.40</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$7.40</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(\$81,317.67)
CASH, BEGINNING BALANCE, 3/1/2004	\$147,324.98
CASH, ENDING BALANCE, 3/31/2004	\$66,007.31
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$13.30
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Three Months Ended March 31, 2004

	January	February	March	Year-to-Date
Total expenses	245,601	84,533	72,519	402,652
Income from operations	(129,776)	15,957	(1,450)	(115,269)
Other income	0	0	452	452
Other income				
Amort of acquisition adjustment	909	909	909	2,727
Interest income	7	6	7	20
Total other income	916	915	1,368	3,199
Other expenses	151	155	154	462
Nonutility deductions	151	155	154	462
Total other expenses	151	155	154	462
Net income	\$ (129,011)	\$ 16,717	\$ (236)	\$ (112,532)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Three Months Ended March 31, 2004

	January	February	March	Year-to-Date
Revenue				
Gas sales	\$ 111,953	\$ 97,163	\$ 68,205	\$ 277,321
Penalties	3,851	3,112	2,719	9,682
Temporary service charge	0	195	130	325
Sales tax commission	21	20	15	55
	<u>115,825</u>	<u>100,490</u>	<u>71,069</u>	<u>287,383</u>
Total revenue				
Expenses				
Gas purchases	93,215	61,314	42,700	197,230
Supervision	1,400	1,400	1,400	4,200
Mains and service labor	1,238	1,260	1,468	3,966
Service supplies & expenses	441	0	1,350	1,791
Contract labor	0	0	300	300
Maintenance of meters	0	210	0	210
Meter reading labor	1,001	973	1,339	3,313
Acctg. & collecting labor	1,496	1,496	1,775	4,767
Computer billing	165	166	165	497
General & admin. salaries	5,524	5,524	6,175	17,223
Office supplies & expenses	1,570	1,418	1,872	4,860
Outside services employed	889	530	2,500	3,918
Insurance	115	115	115	344
Injuries and damages	123,856	0	0	123,856
Employee Benefits	151	151	151	453
Miscellaneous general exp	338	0	100	438
Director fees	200	200	200	600
Rents	800	800	800	2,400
Transportation expense	590	1,297	1,529	3,415
Interest - Meter deposits	331	328	328	988
Interest - Other	4,930	0	0	4,930
Interest - KISU	2,075	2,075	2,075	6,224
Depreciation	4,334	4,334	4,334	13,002
Amort of organization costs	127	127	127	381
Payroll tax expense	815	815	1,716	3,346

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SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2004

	January	February	March
LIABILITIES & SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable - current	\$ 338,042	\$ 333,401	\$ 219,116
Notes payable	248,977	248,977	248,977
Customer deposits	66,277	65,677	65,177
Accrued interest	149,888	152,258	154,648
Accrued taxes	8,992	8,498	8,517
	<u>812,176</u>	<u>808,811</u>	<u>696,435</u>
TOTAL CURRENT LIABILITIES			
LONG TERM LIABILITIES			
Note payable - DLG	1,258,419	1,258,419	1,258,419
	<u>1,258,419</u>	<u>1,258,419</u>	<u>1,258,419</u>
TOTAL LONG TERM LIABILITIES			
	<u>2,070,595</u>	<u>2,067,230</u>	<u>1,954,854</u>
TOTAL LIABILITIES			
	<u>(264,422)</u>	<u>(264,422)</u>	<u>(264,422)</u>
SHAREHOLDERS' EQUITY			
Accum. adj. - WM. G. CONL	(58,057)	(50,533)	(50,640)
Current Earnings	(264,422)	(264,422)	(264,422)
Accum. adj. - BARKLEY STU	(58,057)	(50,533)	(50,640)
Current Earnings	(90,929)	(90,929)	(90,929)
Accum. adj. - ESTILL B. B	(12,904)	(11,234)	(11,256)
Current Earnings	<u>(748,791)</u>	<u>(732,073)</u>	<u>(732,309)</u>
TOTAL SHAREHOLDERS' EQUITY			
	<u>\$1,321,804</u>	<u>\$1,335,157</u>	<u>\$1,222,545</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY			

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SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2004

January February March

ASSETS

CURRENT ASSETS			
Cash in bank - checking	\$ 90,083	\$ 114,835	\$ 33,010
Cash in bank - CNB	31,907	32,490	32,998
Customer accounts receivable	132,017	123,857	96,382
	<u>254,007</u>	<u>271,182</u>	<u>162,390</u>
TOTAL CURRENT ASSETS			

PROPERTY AND EQUIPMENT			
Utility Plant in Service	1,727,630	1,727,630	1,727,630
Accumulated depreciation	(544,516)	(548,977)	(553,438)
Gas plant acquisition adjustment	(162,764)	(161,855)	(160,946)
	<u>1,020,350</u>	<u>1,016,798</u>	<u>1,013,246</u>
TOTAL PROPERTY AND EQUIPMENT			

OTHER ASSETS			
Other deferred debits	2,188	2,188	2,188
Utility deposits	250	250	250
Prepaid Insurance	574	459	344
Nonutility Plant	65,584	65,584	65,584
Accum depr - nonutility	(21,150)	(21,304)	(21,458)
	<u>47,446</u>	<u>47,177</u>	<u>46,908</u>
TOTAL OTHER ASSETS			

TOTAL ASSETS	<u>\$1,321,803</u>	<u>\$1,335,157</u>	<u>\$1,222,544</u>
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Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

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MAY 03 2004
PUBLIC SERVICE
COMMISSION

Estill Branham
Manager

(606) 349-1505
(606) 886-7075

April 8, 2003

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-074

Dear Dorman:

Enclosed please find the financial statements of Sigma for the year 2002 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Yours truly,



Susan A. Crum

Enclosures

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2002

	January	February	March	April	May	June	July	August	September	October	November	December
ASSETS												
CURRENT ASSETS												
Cash in bank - checking	\$ 33,134	\$ 37,449	\$ 53,776	\$ 48,316	\$ 45,721	\$ 28,552	\$ 8,424	\$ 1,754	\$ 18,207	\$ 6,965	\$ 12,654	\$ 35,487
Cash in bank - CNB	36,629	37,358	37,587	37,720	37,752	38,082	38,416	38,748	19,166	20,678	23,190	24,500
Customer accounts receivable	94,702	89,645	77,526	44,271	29,281	22,820	23,698	23,467	23,520	30,921	72,436	103,819
Accounts receivable-other	1,204	660	660	660	1,790	1,789	1,790	1,790	1,129	1,129	1,130	1,130
TOTAL CURRENT ASSETS	165,669	165,112	169,549	130,967	114,544	91,243	72,328	65,759	62,022	59,693	109,410	164,936
PROPERTY AND EQUIPMENT												
Utility Plant in Service	1,701,963	1,701,963	1,714,450	1,716,301	1,716,685	1,716,685	1,716,812	1,717,172	1,721,116	1,721,116	1,721,328	1,721,935
Accumulated depreciation	(446,362)	(450,684)	(455,006)	(459,328)	(463,651)	(467,973)	(472,295)	(476,617)	(480,939)	(485,261)	(489,583)	(488,047)
Gas plant acquisition adjustment	(184,580)	(183,671)	(182,763)	(181,854)	(180,944)	(180,035)	(179,126)	(178,216)	(177,308)	(176,399)	(175,490)	(174,581)
TOTAL PROPERTY AND EQUIPMENT	1,071,021	1,067,608	1,076,681	1,075,119	1,072,090	1,068,677	1,065,391	1,062,339	1,062,869	1,059,456	1,056,255	1,059,307
OTHER ASSETS												
Other deferred debits	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188
Utility deposits	250	250	250	250	250	250	250	250	250	250	250	250
Prepaid Insurance	549	534	518	503	487	472	1,243	1,130	1,017	904	791	678
Nonutility Plant	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584
Accum depr - nonutility	(17,448)	(17,602)	(17,756)	(17,911)	(18,064)	(18,219)	(18,373)	(18,527)	(18,682)	(18,836)	(18,990)	(19,144)
TOTAL OTHER ASSETS	51,123	50,954	50,784	50,614	50,445	50,275	50,892	50,625	50,357	50,090	49,823	49,556
TOTAL ASSETS	\$1,287,813	\$1,283,674	\$1,297,014	\$1,256,700	\$1,237,079	\$1,210,195	\$1,188,611	\$1,178,723	\$1,175,248	\$1,169,239	\$1,215,488	\$1,273,799

See Accountant's Compilation Report

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2002

	January	February	March	April	May	June	July	August	September	October	November	December
LIABILITIES & SHAREHOLDERS' EQUITY												
CURRENT LIABILITIES												
Accounts payable - current	\$ 86,535	\$ 62,962	\$ 70,428	\$ 49,789	\$ 48,488	\$ 36,408	\$ 29,779	\$ 29,626	\$ 34,819	\$ 34,435	\$ 68,101	\$ 124,619
Notes payable	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977
Customer deposits	68,177	68,477	68,277	66,477	64,877	64,477	64,377	64,377	64,477	65,277	67,277	67,877
Accrued interest	94,436	96,982	99,635	100,389	102,753	105,132	108,099	110,639	113,293	115,657	118,266	117,947
Accrued taxes	6,489	5,756	6,455	6,231	5,232	5,490	5,633	5,262	5,353	5,266	6,702	8,944
TOTAL CURRENT LIABILITIES	504,614	483,154	493,772	471,863	470,327	460,484	456,865	458,881	466,919	469,612	509,323	568,364
LONG TERM LIABILITIES												
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LIABILITIES	1,763,033	1,741,573	1,752,191	1,730,282	1,728,746	1,718,903	1,715,284	1,717,300	1,725,338	1,728,031	1,767,742	1,826,783
SHAREHOLDERS' EQUITY												
Accum. adj. - WM. G. CONL	(207,103)	(207,103)	(207,103)	(207,103)	(207,103)	(207,103)	(207,103)	(207,081)	(207,103)	(207,103)	(207,103)	(204,948)
Current Earnings	7,729	15,524	16,750	8,467	327	(7,339)	(15,425)	(20,806)	(25,962)	(29,878)	(26,936)	(29,419)
Accum. adj. - BARKLEY STU	(207,103)	(207,103)	(207,103)	(207,103)	(207,103)	(207,103)	(207,103)	(207,081)	(207,103)	(207,103)	(207,103)	(204,948)
Current Earnings	7,729	15,524	16,750	8,467	327	(7,339)	(15,425)	(20,806)	(25,962)	(29,878)	(26,936)	(29,419)
Accum. adj. - ESTILL B. B	(78,193)	(78,193)	(78,193)	(78,193)	(78,193)	(78,193)	(78,193)	(78,188)	(78,193)	(78,193)	(78,193)	(77,714)
Current Earnings	1,721	3,451	3,722	1,884	77	(1,630)	(3,425)	(4,617)	(5,767)	(6,638)	(5,984)	(6,537)
TOTAL SHAREHOLDERS' EQUITY	(475,220)	(457,900)	(455,177)	(473,581)	(491,668)	(508,707)	(526,674)	(538,579)	(550,090)	(558,793)	(552,255)	(552,985)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,287,813	\$1,283,673	\$1,297,014	\$1,256,701	\$1,237,078	\$1,210,196	\$1,188,610	\$1,178,721	\$1,175,248	\$1,169,238	\$1,215,487	\$1,273,798

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Twelve Months Ended December 31, 2002

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
Revenue													
Gas sales	\$ 88,146	\$ 67,720	\$ 55,705	\$ 25,503	\$ 16,370	\$ 10,652	\$ 12,357	\$ 12,506	\$ 12,870	\$ 21,168	\$ 61,240	\$ 90,743	\$ 474,981
Collection fee	25	0	0	0	0	0	0	0	0	0	0	0	25
NSF charge	0	0	0	10	0	0	0	10	0	0	0	0	20
Reconnect fees	0	0	0	0	0	0	0	65	130	0	260	65	520
Penalties	1,417	2,634	2,187	1,635	718	365	227	190	290	312	500	1,837	12,315
Temporary service charge	130	195	130	520	65	0	0	0	0	65	65	130	1,300
Sales tax commission	15	12	10	5	4	3	4	4	5	6	11	17	95
Total revenue	89,733	70,561	58,032	27,673	17,157	11,020	12,588	12,775	13,295	21,551	62,076	92,792	489,256
Expenses													
Gas purchases	45,085	28,454	24,437	15,009	10,200	2,248	2,283	2,260	2,738	8,417	33,065	47,937	222,134
Supervision	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
Mains and service labor	1,727	1,895	2,048	2,336	1,738	1,486	1,798	1,772	1,092	982	1,003	1,528	19,404
Service supplies & expenses	962	0	1,196	305	903	293	962	190	328	402	102	1,496	7,139
Contract labor	270	240	303	2,892	1,128	2,172	1,290	240	300	240	310	300	9,685
Maintenance of meters	0	0	0	0	0	0	0	0	0	0	0	16	16
Rents	125	0	0	0	0	0	0	125	0	0	0	0	250
Meter reading labor	1,701	1,864	1,733	2,363	1,433	1,460	1,992	1,609	1,150	840	914	1,454	18,512
Acctg. & collecting labor	1,668	1,680	1,680	2,010	1,440	1,440	1,710	1,440	1,710	1,440	1,440	2,160	19,818
Computer billing	150	151	653	150	149	518	165	165	157	166	170	602	3,196
Uncollectable accounts	0	0	0	0	0	0	0	0	0	0	0	0	3,084
General & admin. salaries	4,922	4,970	4,970	5,540	5,210	6,050	5,840	5,210	5,840	5,210	5,210	7,190	66,162
Office supplies & expenses	1,937	762	761	1,351	1,313	1,708	1,160	1,125	1,129	1,322	1,729	2,434	16,728
Outside services employed	0	0	0	2,500	0	0	0	0	0	0	0	0	2,500
Insurance	3,015	2,661	15	15	15	15	585	113	113	113	113	928	7,703
Employee benefits	170	170	0	98	143	0	144	143	143	143	143	143	1,443
Miscellaneous general exp	325	0	921	100	0	43	120	168	0	0	0	0	1,678
Rents	800	800	800	800	800	800	800	800	800	800	800	800	9,600
Transportation expense	1,781	1,318	2,273	2,440	2,703	1,456	2,046	1,112	933	2,162	2,350	1,284	21,859
Interest - Meter deposits	449	342	341	0	324	322	322	322	322	326	560	239	3,872
Interest - Other	230	162	243	278	35	0	618	213	269	70	0	1,277	3,396
Interest - KTSU	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	24,898
Depreciation	4,195	4,195	4,195	4,195	4,195	4,195	4,195	4,195	4,195	4,195	4,195	3,129	49,274

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Twelve Months Ended December 31, 2002

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
Amount of organization costs	127	127	127	127	127	127	127	127	127	127	127	125	1,522
Payroll tax expense	862	892	2,001	1,033	847	1,185	963	863	859	744	751	1,058	12,057
Public Serv Comm Assessment	0	0	0	0	0	0	898	0	0	0	0	0	898
Taxes other than income	0	15	0	0	0	0	0	0	0	0	0	0	15
Public Serv Company Asses	0	0	4,073	0	0	0	0	0	0	0	0	0	22,641
Total expenses	73,826	54,023	56,095	46,867	36,028	28,843	31,343	25,517	25,530	31,024	56,307	99,077	564,484
Income from operations	15,907	16,538	1,937	(19,194)	(18,871)	(17,823)	(18,755)	(12,742)	(12,235)	(9,473)	5,769	(6,285)	(75,228)
Other income	486	0	0	0	0	0	0	0	0	0	0	0	486
Other income	909	909	909	909	909	909	909	909	909	909	909	909	10,908
Amort of acquisition adjustment	31	28	30	33	32	29	35	32	18	17	12	10	307
Interest income	1,426	937	939	942	941	938	944	941	927	926	921	919	11,701
Total other income	159	154	155	154	156	154	155	155	154	155	154	154	1,851
Nonutility deductions	159	154	155	154	156	154	155	155	154	155	154	154	1,851
Total other expenses	159	154	155	154	156	154	155	155	154	155	154	154	1,851
Net income	\$ 17,174	\$ 17,321	\$ 2,721	\$ (18,406)	\$ (18,086)	\$ (17,039)	\$ (17,966)	\$ (11,956)	\$ (11,462)	\$ (8,702)	\$ 6,536	\$ (5,520)	\$ (65,378)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the twelve months ended December 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$5,519.57)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	(2,290.38)
Interest income	(10.49)
Changes in operating assets and liabilities	
Increase in accounts receivable	(31,382.15)
Decrease in prepaid expenses	113.00
Increase in accounts payable	56,518.06
Increase in other current liabilities	<u>2,522.72</u>
 NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	 <u>\$19,951.19</u>
 INVESTING ACTIVITIES	
Increase in plant	(\$607.37)
Prior year adjustment	4789.2
Interest income	<u>10.49</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>\$4,192.32</u>
 FINANCING ACTIVITIES	 <u>\$0.00</u>
 NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	 <u>\$0.00</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	 \$24,143.51
 CASH, BEGINNING BALANCE, 9/30/2002	 \$35,844.16
 CASH, ENDING BALANCE, 12/31/2002	 \$59,987.67
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$3,909.89
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the eleven months ended November 30,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	\$6,537.95
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(12.33)
Changes in operating assets and liabilities	
Increase in accounts receivable	(41,515.33)
Decrease in prepaid expenses	113.00
Increase in accounts payable	33,665.28
Increase in other current liabilities	<u>6,045.74</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$8,401.61</u>
INVESTING ACTIVITIES	
Addition to plant	(212.00)
Interest income	<u>12.33</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$199.67)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$8,201.94
CASH, BEGINNING BALANCE, 11/1/2002	\$27,642.22
CASH, ENDING BALANCE, 11/30/2002	\$35,844.16
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$61.27
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the ten months ended October 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$8,702.71)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(17.02)
Changes in operating assets and liabilities	
Increase in accounts receivable	(7,401.09)
Decrease in prepaid expenses	113.00
Decrease in accounts payable	(383.89)
Increase in other current liabilities	<u>3,077.17</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$9,747.24)</u>
INVESTING ACTIVITIES	
Addition to plant	0.00
Interest income	<u>17.02</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$17.02</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(\$9,730.22)
CASH, BEGINNING BALANCE, 10/1/2002	\$37,372.44
CASH, ENDING BALANCE, 10/31/2002	\$27,642.22
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$37.19
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the nine months ended September 30,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$11,461.15)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(17.73)
Changes in operating assets and liabilities	
Decrease in accounts receivable	607.03
Decrease in prepaid expenses	113.00
Increase in accounts payable	5,193.43
Increase in other current liabilities	<u>2,843.93</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$845.81</u>
INVESTING ACTIVITIES	
Increase in plant	(3,943.20)
Prior year adjustment	(50.00)
Interest income	<u>17.73</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$3,975.47)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(\$3,129.66)
CASH, BEGINNING BALANCE, 6/30/2002	\$40,502.10
CASH, ENDING BALANCE, 9/30/2002	\$37,372.44
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$65.95
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the eight months ended August 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$11,955.14)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(31.67)
Changes in operating assets and liabilities	
Decrease in accounts receivable	231.39
Decrease in prepaid expenses	113.00
Decrease in accounts payable	(153.33)
Increase in other current liabilities	<u>2,169.30</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$6,059.15)</u>
INVESTING ACTIVITIES	
Prior year adjustment	50.00
Addition to plant	(360.40)
Interest income	<u>31.67</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$278.73)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(\$6,337.88)
CASH, BEGINNING BALANCE, 8/1/2002	\$46,839.98
CASH, ENDING BALANCE, 8/31/2002	\$40,502.10
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$51.60
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the seven months ended July 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$17,966.34)
Adjustments to reconcile net income to net cash <i>Provided by operating activities:</i>	
Depreciation and amortization	3,567.30
Interest income	(34.55)
Changes in operating assets and liabilities	
Increase in accounts receivable	(878.40)
Increase in prepaid expenses	(771.05)
Decrease in accounts payable	(6,628.64)
Increase in other current liabilities	<u>3,010.52</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$19,701.16)</u>
INVESTING ACTIVITIES	
Addition to plant	(127.20)
Interest income	<u>34.55</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$92.65)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(\$19,793.81)
CASH, BEGINNING BALANCE, 7/1/2002	\$66,633.79
CASH, ENDING BALANCE, 7/31/2002	\$46,839.98
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$12.69
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the six months ended June 30,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$17,039.38)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(29.06)
Changes in operating assets and liabilities	
Decrease in accounts receivable	6,460.61
Decrease in prepaid expenses	15.41
Decrease in accounts payable	(12,080.47)
Increase in other current liabilities	<u>2,236.76</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$16,868.83)</u>
INVESTING ACTIVITIES	
Increase in plant	0.00
Interest income	<u>29.06</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$29.06</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(\$16,839.77)
CASH, BEGINNING BALANCE, 3/31/2002	\$83,473.56
CASH, ENDING BALANCE, 6/30/2002	\$66,633.79
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$53.50
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the five months ended May 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$18,086.56)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(32.04)
Changes in operating assets and liabilities	
Decrease in accounts receivable	13,860.71
Decrease in prepaid expenses	15.41
Decrease in accounts payable	(1,301.12)
Decrease in other current liabilities	<u>(234.62)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$2,210.92)</u>
INVESTING ACTIVITIES	
Addition to plant	(383.94)
Interest income	<u>32.04</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$351.90)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(\$2,562.82)
CASH, BEGINNING BALANCE, 5/1/2002	\$86,036.38
CASH, ENDING BALANCE, 5/31/2002	\$83,473.56
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$69.53
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the four months ended April 30,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	(\$18,404.72)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(33.01)
Changes in operating assets and liabilities	
Decrease in accounts receivable	33,255.18
Decrease in prepaid expenses	15.41
Decrease in accounts payable	(20,638.50)
Decrease in other current liabilities	<u>(1,270.42)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>(\$3,508.76)</u>
INVESTING ACTIVITIES	
Addition to plant	(1,850.95)
Interest income	<u>33.01</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$1,817.94)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(\$5,326.70)
CASH, BEGINNING BALANCE, 4/1/2002	\$91,363.08
CASH, ENDING BALANCE, 4/30/2002	\$86,036.38
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$1,564.68
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the three months ended March 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	\$2,723.15
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(29.78)
Changes in operating assets and liabilities	
Decrease in accounts receivable	12,118.95
Decrease in prepaid expenses	15.41
Increase in accounts payable	7,465.86
Increase in other current liabilities	<u>3,152.16</u>
 NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	 <u>\$29,013.05</u>
 INVESTING ACTIVITIES	
Increase in plant	(12,486.80)
Interest income	<u>29.78</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(\$12,457.02)</u>
 FINANCING ACTIVITIES	 <u>\$0.00</u>
 NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	 <u>\$0.00</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	 \$16,556.03
 CASH, BEGINNING BALANCE, 1/1/2002	 \$74,807.05
 CASH, ENDING BALANCE, 3/31/2002	 \$91,363.08
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$5.41
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the two months ended February 28,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	\$17,320.31
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(28.33)
Changes in operating assets and liabilities	
Decrease in accounts receivable	5,600.88
Decrease in prepaid expenses	15.41
Decrease in accounts payable	(23,573.20)
Increase in other current liabilities	<u>2,113.18</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$5,015.55</u>
INVESTING ACTIVITIES	
Addition to plant	0.00
Interest income	<u>28.33</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>\$28.33</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$5,043.88
CASH, BEGINNING BALANCE, 2/1/2002	\$69,763.17
CASH, ENDING BALANCE, 2/28/2002	\$74,807.05
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$67.91
Income taxes paid	\$0.00

SIGMA GAS CORPORATION
Statement of Cash Flow - Indirect Method
For the one month ended January 31,

OPERATING ACTIVITIES	<u>2002</u>
Net income (Loss) from Operations	\$17,177.22
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,567.30
Interest income	(30.97)
Changes in operating assets and liabilities	
Increase in accounts receivable	(31,881.90)
Decrease in prepaid expenses	15.41
Increase in accounts payable	20,253.55
Decrease in other current liabilities	<u>(1,118.35)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>\$7,982.26</u>
INVESTING ACTIVITIES	
Addition to plant	(660.00)
Interest income	<u>30.97</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(\$629.03)</u>
FINANCING ACTIVITIES	<u>\$0.00</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>\$0.00</u>
INCREASE IN CASH AND CASH EQUIVALENTS	\$7,353.23
CASH, BEGINNING BALANCE, 1/1/2002	\$62,409.94
CASH, ENDING BALANCE, 1/31/2002	\$69,763.17
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest paid	\$3,768.98
Income taxes paid	\$0.00

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

Estill Branham
Manager

(606) 349-1505
(606) 886-7075

March 14, 2002

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-074

Dear Dorman:

Enclosed please find the financial statements of Sigma for October, November and December 2001 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Yours truly,



Susan A. Crum

Enclosures

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2001

	January	February	March	April	May	June	July	August	September	October	November	December
ASSETS												
CURRENT ASSETS												
Cash in bank - checking	\$ 55,750	\$ 100,615	\$ 80,980	\$ 89,897	\$ 88,716	\$ 80,600	\$ 72,789	\$ 63,968	\$ 51,877	\$ 31,508	\$ 33,053	\$ 26,362
Cash in bank - CNB	26,497	27,048	27,705	27,964	28,224	28,380	28,943	29,104	30,253	32,713	35,241	36,048
Customer accounts receivable	117,863	85,248	79,879	46,565	31,551	31,125	28,962	25,671	25,837	42,657	57,236	63,480
Accounts receivable-other	0	0	0	1	(1)	(1)	(1)	0	0	0	0	544
TOTAL CURRENT ASSETS	200,110	212,911	188,564	164,427	148,490	140,104	130,693	118,743	107,967	106,878	125,530	126,400
PROPERTY AND EQUIPMENT												
Utility Plant in Service	1,682,761	1,682,761	1,682,761	1,684,485	1,688,479	1,689,105	1,690,967	1,692,338	1,692,550	1,700,134	1,700,240	1,701,303
Accumulated depreciation	(391,930)	(395,829)	(399,728)	(403,627)	(407,526)	(411,425)	(415,324)	(419,225)	(423,126)	(427,027)	(430,928)	(442,040)
Gas plant acquisition adjustment	(195,486)	(194,577)	(193,668)	(192,759)	(191,850)	(190,941)	(190,032)	(189,124)	(188,215)	(187,306)	(186,397)	(185,489)
TOTAL PROPERTY AND EQUIPMENT	1,095,345	1,092,355	1,089,365	1,088,099	1,089,103	1,086,739	1,085,611	1,083,989	1,081,209	1,085,801	1,082,915	1,073,774
OTHER ASSETS												
Other deferred debits	2,586	2,586	2,586	2,586	2,188	2,188	2,188	2,188	2,188	2,188	2,188	2,188
Other prepaid expenses	303	275	248	220	193	165	138	110	83	55	28	0
Utility deposits	250	250	250	250	250	250	250	250	250	250	250	250
Prepaid insurance	694	579	463	347	231	116	0	1,174	611	595	580	564
Nonutility Plant	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584
Accum depr - nonutility	(15,597)	(15,752)	(15,906)	(16,060)	(16,214)	(16,368)	(16,523)	(16,677)	(16,832)	(16,985)	(17,140)	(17,293)
TOTAL OTHER ASSETS	53,820	53,522	53,225	52,927	52,232	51,935	51,637	52,629	51,884	51,687	51,490	51,293
TOTAL ASSETS	\$1,349,275	\$1,358,788	\$1,331,154	\$1,305,453	\$1,289,825	\$1,278,778	\$1,267,941	\$1,255,361	\$1,241,060	\$1,244,366	\$1,259,935	\$1,251,501

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SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2001

	January	February	March	April	May	June	July	August	September	October	November	December
LIABILITIES & SHAREHOLDERS' EQUITY												
CURRENT LIABILITIES												
Accounts payable - current	\$ 90,001	\$ 94,652	\$ 55,103	\$ 37,470	\$ 35,529	\$ 32,439	\$ 30,548	\$ 32,548	\$ 30,582	\$ 40,869	\$ 53,097	\$ 68,690
Notes payable	253,128	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977
Customer deposits	66,692	66,892	66,802	65,902	65,202	64,602	64,502	63,902	64,402	66,127	68,327	68,227
Accrued interest	69,938	69,574	71,925	74,309	76,691	79,071	81,439	83,757	86,134	88,319	90,728	93,042
Accrued taxes	7,868	7,222	7,455	4,507	3,096	3,253	3,674	3,573	3,712	5,280	4,755	6,542
Accrued refund of penalties	5,117	5,118	2,749	2,396	1,853	1,853	1,853	1,854	1,852	1,854	1,854	1,854
	492,744	492,435	453,011	433,561	431,348	430,195	430,993	434,611	435,659	451,426	467,738	485,479
TOTAL CURRENT LIABILITIES												
	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
LONG TERM LIABILITIES												
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES												
	1,751,163	1,750,854	1,711,430	1,691,980	1,689,767	1,688,614	1,689,412	1,693,030	1,694,078	1,709,845	1,726,157	1,743,898
TOTAL LIABILITIES												
	(180,291)	(180,291)	(180,349)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)
SHAREHOLDERS' EQUITY												
Accum. adj. - WM. G. CONL	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)
Distributions - WM. G. CO	14,036	18,456	23,820	21,830	15,793	11,341	6,103	(1,185)	(8,092)	(13,700)	(14,034)	(25,812)
Current Earnings	(180,410)	(180,410)	(180,468)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)
Accum. adj. - BARKLEY STU	14,036	18,456	23,820	21,830	15,793	11,341	6,103	(1,185)	(8,092)	(13,700)	(14,034)	(25,812)
Current Earnings	(72,259)	(72,259)	(72,272)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)
Accum. adj. - ESTILL B. B	3,118	4,101	5,292	4,848	3,508	2,517	1,358	(263)	(1,797)	(3,044)	(3,119)	(5,733)
Current Earnings	(401,889)	(392,066)	(380,276)	(386,527)	(399,941)	(409,836)	(421,471)	(437,668)	(453,016)	(465,479)	(466,222)	(492,397)
TOTAL SHAREHOLDERS' EQUITY												
	\$1,349,274	\$1,358,788	\$1,331,154	\$1,305,453	\$1,289,826	\$1,278,778	\$1,267,941	\$1,255,362	\$1,241,062	\$1,244,366	\$1,259,935	\$1,251,501
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY												

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SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Twelve Months Ended December 31, 2001

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
Revenue	\$ 105,987	\$ 66,801	\$ 67,283	\$ 27,743	\$ 15,102	\$ 13,136	\$ 12,332	\$ 10,426	\$ 11,060	\$ 29,037	\$ 42,339	\$ 55,872	\$ 457,116
Gas sales	0	0	0	25	0	0	0	0	0	0	0	0	25
Collection fee	0	0	0	10	0	0	0	0	0	0	0	0	10
NSF charge	0	0	0	0	0	0	0	0	130	195	325	0	650
Reconnect fees	3,625	3,459	2,151	2,015	1,165	618	588	532	475	807	801	1,371	17,606
Penalties	65	65	65	325	0	0	0	0	0	65	195	195	975
Temporary service charge	21	14	13	7	4	4	4	3	3	6	7	9	9
Sales tax commission													
Total revenue	109,698	70,339	69,512	30,125	16,271	13,758	12,924	10,961	11,668	30,110	43,667	57,447	476,478
Expenses													
Gas purchases	50,866	33,586	29,741	10,928	3,841	3,368	2,602	2,024	3,127	10,625	20,469	28,495	199,671
Supervision	1,100	3,300	2,200	1,100	0	0	0	1,520	1,250	1,250	1,250	830	13,800
Mains and service labor	2,060	1,670	2,090	1,600	1,695	1,620	2,070	1,750	1,830	2,455	1,630	2,505	22,975
Service supplies & expenses	1,223	396	197	450	1,013	267	308	666	28	1,951	35	1,913	8,448
Contract labor	100	200	150	150	410	150	150	195	100	100	220	220	2,145
Rents - Distr expense	0	245	0	0	0	0	0	0	0	0	0	0	245
Maintenance of meters	705	0	0	0	0	0	195	0	0	0	58	57	1,016
Meter reading labor	2,090	1,665	2,040	1,600	1,600	1,595	1,980	1,600	1,620	2,140	1,650	2,520	22,100
Acctg. & collecting labor	1,876	1,568	1,568	1,876	1,568	2,072	2,044	1,512	1,568	2,996	1,568	2,380	22,596
Computer billing	141	142	205	141	140	138	145	145	621	365	154	148	2,486
Uncollectable accounts	0	0	0	0	0	0	0	0	0	0	0	6,640	6,640
General & admin. salaries	5,104	6,772	5,672	5,104	3,472	2,968	4,396	4,208	4,722	5,254	4,722	6,850	59,244
Office supplies & expenses	870	887	1,228	1,169	1,773	1,155	1,364	3,171	1,388	2,637	2,791	2,705	21,137
Outside services employed	0	0	0	0	2,919	0	0	0	0	0	0	0	2,919
Insurance	3,453	217	116	116	116	116	116	107	15	15	15	15	4,116
Employee Benefits	149	149	0	341	170	170	170	170	77	595	200	189	1,374
Miscellaneous general exp	0	0	71	100	0	0	0	142	800	800	800	800	9,600
Rents	600	1,000	800	800	800	800	800	800	800	800	800	800	9,600
Transportation expense	2,316	1,852	4,208	2,320	3,867	1,778	1,731	2,611	3,168	2,222	2,072	1,508	29,656
Interest - Meter deposits	333	334	334	330	326	323	323	320	322	331	342	341	3,958
Interest - Other	209	205	35	402	176	235	206	247	178	226	242	257	2,619
Interest - KISU	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	24,898
Interest - ARG	35	15	0	0	0	0	0	0	0	0	0	0	49

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SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Twelve Months Ended December 31, 2001

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
Depreciation	3,772	3,772	3,772	3,772	3,772	3,772	3,772	3,774	3,774	3,774	3,774	10,988	52,488
Amort of organization costs	127	127	127	127	127	127	127	127	127	127	127	125	1,522
Payroll tax expense	936	1,146	1,778	863	638	858	802	810	860	1,078	828	1,173	11,769
Public Serv Comm Assessment	0	0	0	0	0	876	0	0	0	0	0	0	876
Public Serv Company Assess	0	0	0	0	0	0	0	0	0	2,173	0	11,502	13,674
Total expenses	80,140	61,323	58,407	35,364	30,498	24,463	25,376	27,974	27,820	43,359	45,192	84,406	544,325
Income from operations	29,558	9,016	11,105	(5,239)	(14,227)	(10,705)	(12,452)	(17,013)	(16,152)	(13,249)	(1,525)	(26,959)	(67,847)
Other income	821	0	0	0	0	0	0	0	0	0	0	0	821
Amort of acquisition adjustment	909	909	909	909	909	909	909	909	909	909	909	909	10,908
Interest income	59	51	57	59	60	56	63	62	49	34	28	30	608
Total other income	1,789	960	966	968	969	965	972	971	958	943	937	939	12,337
Other expenses	156	153	153	153	156	154	154	153	155	156	154	154	1,850
Nonutility deductions	156	153	153	153	156	154	154	153	155	156	154	154	1,850
Total other expenses	156	153	153	153	156	154	154	153	155	156	154	154	1,850
Net income	\$ 31,191	\$ 9,823	\$ 11,918	\$ (4,424)	\$ (13,414)	\$ (9,894)	\$ (11,634)	\$ (16,195)	\$ (15,349)	\$ (12,462)	\$ (742)	\$ (26,174)	\$ (57,700)

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SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 26,361.58	
Cash in bank - CNB	36,048.36	
Customer accounts receivable	63,480.08	
Accounts receivable-other	543.79	
	<hr/>	
Total Current Assets		\$ 126,433.81
Property, Plant and Equipment		
Utility Plant in Service	1,701,301.75	
Accumulated depreciation	(442,040.25)	
Gas plant acquisition adjustment	(185,487.80)	
	<hr/>	
Total Property Plant and Equipment		1,073,773.70
Other Assets		
Other deferred debits	2,188.45	
Utility deposits	250.00	
Prepaid Insurance	564.48	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(17,294.00)	
	<hr/>	
Total Other Assets		51,292.93
TOTAL ASSETS		<hr/> <u>\$ 1,251,500.44</u>

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SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 68,690.18	
Notes payable	248,976.54	
Customer deposits	68,226.92	
Accrued interest	93,041.77	
Accrued taxes	6,543.27	
Total Current Liabilities		\$ 485,478.68
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,743,897.68
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	(25,812.57)	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	(25,812.57)	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	(5,736.14)	
Total Capital		(492,397.24)
TOTAL LIABILITIES AND CAPITAL		\$ 1,251,500.44

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SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 55,871.56	97.3	\$ 457,115.68	95.9		
Collection fee	0.00	0.0	25.00	0.0		
NSF charge	0.00	0.0	10.00	0.0		
Reconnect fees	0.00	0.0	650.00	0.1		
Penalties	1,370.58	2.4	17,606.10	3.7		
Temporary service charge	195.00	0.3	975.00	0.2		
Sales tax commission	9.06	0.0	95.92	0.0		
Total Revenue	57,446.20	100.0	476,477.70	100.0		
Expenses						
Gas purchases	28,495.10	49.6	199,670.08	41.9		
Supervision	830.00	1.4	13,800.00	2.9		
Mains and service labor	2,505.00	4.4	22,975.00	4.8		
Service supplies & expenses	1,912.76	3.3	8,447.73	1.8		
Contract labor	220.00	0.4	2,145.00	0.5		
Rents - Distr expense	0.00	0.0	245.00	0.1		
Maintenance of meters	57.00	0.1	1,016.15	0.2		
Meter reading labor	2,520.00	4.4	22,100.00	4.6		
Acctg. & collecting labor	2,380.00	4.1	22,596.00	4.7		
Computer billing	147.63	0.3	2,485.58	0.5		
Uncollectable accounts	6,640.06	11.6	6,640.06	1.4		
General & admin. salaries	6,850.00	11.9	59,244.00	12.4		
Office supplies & expenses	2,705.13	4.7	21,137.47	4.4		
Outside services employed	0.00	0.0	2,919.37	0.6		
Insurance	15.41	0.0	4,417.40	0.9		
Employee Benefits	170.42	0.3	2,002.94	0.4		
Miscellaneous general exp	189.00	0.3	1,374.10	0.3		
Rents	800.00	1.4	9,600.00	2.0		
Transportation expense	1,508.50	2.6	29,655.75	6.2		
Interest - Meter deposits	341.13	0.6	3,957.88	0.8		
Interest - Other	257.08	0.4	2,618.53	0.5		
Interest - KISU	2,074.80	3.6	24,897.60	5.2		
Interest - ARG	0.00	0.0	49.41	0.0		
Depreciation	10,987.95	19.1	52,487.95	11.0		
Amort of organization costs	124.80	0.2	1,521.80	0.3		
Payroll tax expense	1,172.98	2.0	11,769.02	2.5		
Public Serv Comm Assessment	0.00	0.0	876.47	0.2		
Public Serv Company Assess	11,501.54	20.0	13,674.26	2.9		
Total Expenses	84,406.29	146.9	544,324.55	114.2		
Income from Operations	(26,960.09)	(46.9)	(67,846.85)	(14.2)		
Other Income						
Other income	0.00	0.0	820.85	0.2		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Amort of acquisition adjustment	909.00	1.6	10,908.00	2.3
Interest income	30.15	0.1	607.72	0.1
Total Other Income	939.15	1.6	12,336.57	2.6
Other Expenses				
Nonutility deductions	154.25	0.3	1,851.00	0.4
Total Other Expenses	154.25	0.3	1,851.00	0.4
Net Income	\$ (26,175.19)	(45.6)	\$ (57,361.28)	(12.0)

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the twelve months ended December 31,

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$(26,175.19)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	10,358.00
Interest income	(30.15)
Changes in operating assets and liabilities	
Increase in accounts receivable	(6,787.63)
Decrease in prepaid expenses and deferred debits	42.91
Increase in accounts payable	15,592.81
Increase in other current liabilities	<u>2,148.08</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (4,851.17)
INVESTING ACTIVITIES	
Purchase of plant	(1,062.91)
Interest income	<u>30.15</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (1,032.76)
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (5,883.93)
CASH, BEGINNING BALANCE	<u>\$ 68,293.87</u>
CASH, ENDING BALANCE	\$ 62,409.94
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 137.60

SIGMA GAS CORPORATION
BALANCE SHEET
NOVEMBER 30, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 33,053.16	
Cash in bank - CNB	35,240.71	
Customer accounts receivable	57,236.24	
	<hr/>	
Total Current Assets		\$ 125,530.11
Property, Plant and Equipment		
Utility Plant in Service	1,700,238.84	
Accumulated depreciation	(430,927.50)	
Gas plant acquisition adjustment	(186,396.80)	
	<hr/>	
Total Property Plant and Equipment		1,082,914.54
Other Assets		
Other deferred debits	2,188.45	
Other prepaid expenses	27.50	
Utility deposits	250.00	
Prepaid Insurance	579.89	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(17,139.75)	
	<hr/>	
Total Other Assets		51,490.09
		<hr/>
TOTAL ASSETS		\$ 1,259,934.74
		<hr/> <hr/>

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SIGMA GAS CORPORATION
BALANCE SHEET
NOVEMBER 30, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 53,097.37	
Notes payable	248,976.54	
Customer deposits	68,326.92	
Accrued interest	90,728.44	
Accrued taxes	4,754.68	
Accrued refund of penalties	1,853.84	
Total Current Liabilities		\$ 467,737.79
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,726,156.79
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	(14,033.72)	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	(14,033.72)	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	(3,118.65)	
Total Capital		(466,222.05)
TOTAL LIABILITIES AND CAPITAL		\$ <u>1,259,934.74</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2001

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 42,338.30	97.0	\$ 401,244.12	95.8
Collection fee	0.00	0.0	25.00	0.0
NSF charge	0.00	0.0	10.00	0.0
Reconnect fees	325.00	0.7	650.00	0.2
Penalties	801.33	1.8	16,235.52	3.9
Temporary service charge	195.00	0.4	780.00	0.2
Sales tax commission	6.90	0.0	86.86	0.0
Total Revenue	43,666.53	100.0	419,031.50	100.0
Expenses				
Gas purchases	20,469.50	46.9	171,174.98	40.9
Supervision	1,250.00	2.9	12,970.00	3.1
Mains and service labor	1,630.00	3.7	20,470.00	4.9
Service supplies & expenses	35.08	0.1	6,534.97	1.6
Contract labor	220.00	0.5	1,925.00	0.5
Rents - Distr expense	0.00	0.0	245.00	0.1
Maintenance of meters	58.40	0.1	959.15	0.2
Meter reading labor	1,650.00	3.8	19,580.00	4.7
Acctg. & collecting labor	1,568.00	3.6	20,216.00	4.8
Computer billing	153.71	0.4	2,337.95	0.6
General & admin. salaries	4,722.00	10.8	52,394.00	12.5
Office supplies & expenses	2,790.28	6.4	18,432.34	4.4
Outside services employed	0.00	0.0	2,919.37	0.7
Insurance	15.41	0.0	4,401.99	1.1
Employee Benefits	170.42	0.4	1,832.52	0.4
Miscellaneous general exp	200.00	0.5	1,185.10	0.3
Rents	800.00	1.8	8,800.00	2.1
Transportation expense	2,071.98	4.7	28,147.25	6.7
Interest - Meter deposits	341.63	0.8	3,616.75	0.9
Interest - Other	241.87	0.6	2,361.45	0.6
Interest - KISU	2,074.80	4.8	22,822.80	5.4
Interest - ARG	0.00	0.0	49.41	0.0
Depreciation	3,774.00	8.6	41,500.00	9.9
Amort of organization costs	127.00	0.3	1,397.00	0.3
Payroll tax expense	827.71	1.9	10,596.04	2.5
Public Serv Comm Assessment	0.00	0.0	876.47	0.2
Public Serv Company Assess	0.00	0.0	2,172.72	0.5
Total Expenses	45,191.79	103.5	459,918.26	109.8
Income from Operations	(1,525.26)	(3.5)	(40,886.76)	(9.8)
Other Income				
Other income	0.00	0.0	820.85	0.2
Amort of acquisition adjustment	909.00	2.1	9,999.00	2.4

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2001

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Interest income	27.93	0.1	577.57	0.1
Total Other Income	<u>936.93</u>	<u>2.1</u>	<u>11,397.42</u>	<u>2.7</u>
Other Expenses				
Nonutility deductions	154.25	0.4	1,696.75	0.4
Total Other Expenses	<u>154.25</u>	<u>0.4</u>	<u>1,696.75</u>	<u>0.4</u>
Net Income	<u>\$ (742.58)</u>	<u>(1.7)</u>	<u>\$ (31,186.09)</u>	<u>(7.4)</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the eleven months ended November 30,

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (742.58)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,146.25
Interest income	(27.93)
Changes in operating assets and liabilities	
Increase in accounts receivable	(14,579.72)
Decrease in prepaid expenses and deferred debits	42.91
Increase in accounts payable	12,228.31
Increase in other current liabilities	<u>4,083.68</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ 4,150.92
INVESTING ACTIVITIES	
Purchase of plant	(106.00)
Interest income	<u>27.93</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (78.07)
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ 4,072.85
CASH, BEGINNING BALANCE	\$ <u>64,221.02</u>
CASH, ENDING BALANCE	\$ 68,293.87
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 7.73

SIGMA GAS CORPORATION
BALANCE SHEET
OCTOBER 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$	31,508.24
Cash in bank - CNB		32,712.78
Customer accounts receivable		42,656.52
		<hr/>
Total Current Assets	\$	106,877.54
Property, Plant and Equipment		
Utility Plant in Service		1,700,132.84
Accumulated depreciation		(427,026.50)
Gas plant acquisition adjustment		(187,305.80)
		<hr/>
Total Property Plant and Equipment		1,085,800.54
Other Assets		
Other deferred debits		2,188.45
Other prepaid expenses		55.00
Utility deposits		250.00
Prepaid Insurance		595.30
Nonutility Plant		65,584.00
Accum depr - nonutility		(16,985.50)
		<hr/>
Total Other Assets		51,687.25
		<hr/>
TOTAL ASSETS	\$	<u>1,244,365.33</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
OCTOBER 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 40,869.06	
Notes payable	248,976.54	
Customer deposits	66,126.92	
Accrued interest	88,319.74	
Accrued taxes	5,279.70	
Accrued refund of penalties	1,853.84	
	<hr/>	
Total Current Liabilities		\$ 451,425.80
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,709,844.80
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	(13,699.56)	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	(13,699.56)	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	(3,044.39)	
	<hr/>	
Total Capital		(465,479.47)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,244,365.33
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TEN MONTHS ENDED OCTOBER 31, 2001

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 29,036.31	96.4	\$ 358,905.82	95.6
Collection fee	0.00	0.0	25.00	0.0
NSF charge	0.00	0.0	10.00	0.0
Reconnect fees	195.00	0.6	325.00	0.1
Penalties	806.77	2.7	15,434.19	4.1
Temporary service charge	65.00	0.2	585.00	0.2
Sales tax commission	5.71	0.0	79.96	0.0
Total Revenue	30,108.79	100.0	375,364.97	100.0
Expenses				
Gas purchases	10,625.41	35.3	150,705.48	40.1
Supervision	1,250.00	4.2	11,720.00	3.1
Mains and service labor	2,455.00	8.2	18,840.00	5.0
Service supplies & expenses	1,951.03	6.5	6,499.89	1.7
Contract labor	100.00	0.3	1,705.00	0.5
Rents - Distr expense	0.00	0.0	245.00	0.1
Maintenance of meters	0.00	0.0	900.75	0.2
Meter reading labor	2,140.00	7.1	17,930.00	4.8
Acctg. & collecting labor	2,996.00	10.0	18,648.00	5.0
Computer billing	365.13	1.2	2,184.24	0.6
General & admin. salaries	5,254.00	17.5	47,672.00	12.7
Office supplies & expenses	2,638.12	8.8	15,642.06	4.2
Outside services employed	0.00	0.0	2,919.37	0.8
Insurance	15.41	0.1	4,386.58	1.2
Employee Benefits	170.42	0.6	1,662.10	0.4
Miscellaneous general exp	595.00	2.0	985.10	0.3
Rents	800.00	2.7	8,000.00	2.1
Transportation expense	2,221.94	7.4	26,075.27	6.9
Interest - Meter deposits	330.63	1.1	3,275.12	0.9
Interest - Other	226.27	0.8	2,119.58	0.6
Interest - KISU	2,074.80	6.9	20,748.00	5.5
Interest - ARG	0.00	0.0	49.41	0.0
Depreciation	3,774.00	12.5	37,726.00	10.1
Amort of organization costs	127.00	0.4	1,270.00	0.3
Payroll tax expense	1,078.25	3.6	9,768.33	2.6
Public Serv Comm Assessment	0.00	0.0	876.47	0.2
Public Serv Company Assess	2,172.72	7.2	2,172.72	0.6
Total Expenses	43,361.13	144.0	414,726.47	110.5
Income from Operations	(13,252.34)	(44.0)	(39,361.50)	(10.5)
Other Income				
Other income	0.00	0.0	820.85	0.2
Amort of acquisition adjustment	909.00	3.0	9,090.00	2.4

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TEN MONTHS ENDED OCTOBER 31, 2001

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	D A T E Percent
Interest income	34.35	0.1	549.64	0.1
Total Other Income	943.35	3.1	10,460.49	2.8
Other Expenses				
Nonutility deductions	154.25	0.5	1,542.50	0.4
Total Other Expenses	154.25	0.5	1,542.50	0.4
Net Income	\$ (12,463.24)	(41.4)	\$ (30,443.51)	(8.1)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the ten months ended October 31,

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (12,463.24)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,146.25
Interest income	(34.35)
Changes in operating assets and liabilities	
Increase in accounts receivable	(16,819.76)
Decrease in prepaid expenses and deferred debits	42.91
Increase in accounts payable	10,286.90
Increase in other current liabilities	<u>5,480.38</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (10,360.91)
INVESTING ACTIVITIES	
Purchase of plant	(7,583.13)
Interest income	<u>34.35</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (7,548.78)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (17,909.69)
CASH, BEGINNING BALANCE	\$ <u>82,130.71</u>
CASH, ENDING BALANCE	\$ <u>64,221.02</u>
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 253.94

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

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PUBLIC SERVICE
COMMISSION

Estill Branham
Manager

(606) 349-1505
(606) 886-7075

August 23, 2001

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

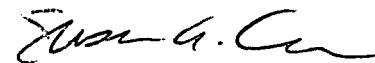
Re: Case No. 99-074

Dear Dorman:

Enclosed please find the financial statements of Sigma for July, August, and September 2001 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Yours truly,



Susan A. Crum

Enclosures

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2001

	January	February	March	April	May	June	July	August	September
ASSETS									
CURRENT ASSETS									
Cash in bank - checking	\$ 55,750	\$ 100,615	\$ 80,980	\$ 89,897	\$ 88,716	\$ 80,600	\$ 72,789	\$ 63,968	\$ 51,877
Cash in bank - CNB	26,497	27,048	27,705	27,964	28,224	28,380	28,943	29,104	30,253
Customer accounts receivable	117,863	85,248	79,879	46,566	31,550	31,124	28,961	25,671	25,837
TOTAL CURRENT ASSETS	200,110	212,911	188,564	164,427	148,490	140,104	130,693	118,743	107,967
PROPERTY AND EQUIPMENT									
Utility Plant in Service	1,682,761	1,682,761	1,682,761	1,684,485	1,688,479	1,689,105	1,690,967	1,692,338	1,692,550
Accumulated depreciation	(391,930)	(395,829)	(399,728)	(403,627)	(407,526)	(411,425)	(415,324)	(419,225)	(423,126)
Gas plant acquisition adjustment	(195,486)	(194,577)	(193,668)	(192,759)	(191,850)	(190,941)	(190,032)	(189,124)	(188,215)
TOTAL PROPERTY AND EQUIPMENT	1,095,345	1,092,355	1,089,365	1,088,099	1,089,103	1,086,739	1,085,611	1,083,989	1,081,209
OTHER ASSETS									
Other deferred debits	2,586	2,586	2,586	2,586	2,188	2,188	2,188	2,188	2,188
Other prepaid expenses	303	275	248	220	193	165	138	110	83
Utility deposits	250	250	250	250	250	250	250	250	250
Prepaid Insurance	694	579	463	347	231	116	0	1,174	611
Nonutility Plant	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584
Accum depr - nonutility	(15,597)	(15,752)	(15,906)	(16,060)	(16,214)	(16,368)	(16,523)	(16,677)	(16,832)
TOTAL OTHER ASSETS	53,820	53,522	53,225	52,927	52,232	51,935	51,637	52,629	51,884
TOTAL ASSETS	\$1,349,275	\$1,358,788	\$1,331,154	\$1,305,453	\$1,289,825	\$1,278,778	\$1,267,941	\$1,255,361	\$1,241,060

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SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2001

	January	February	March	April	May	June	July	August	September
LIABILITIES & SHAREHOLDERS' EQUITY									
CURRENT LIABILITIES									
Accounts payable - current	\$ 90,001	\$ 94,652	\$ 55,103	\$ 37,470	\$ 35,529	\$ 32,439	\$ 30,548	\$ 32,548	\$ 30,582
Notes payable	253,128	248,977	248,977	248,977	248,977	248,977	248,977	248,977	248,977
Customer deposits	66,692	66,892	66,802	65,902	65,202	64,602	64,502	63,902	64,402
Accrued interest	69,938	69,574	71,925	74,309	76,691	79,071	81,439	83,757	86,134
Accrued taxes	7,868	7,222	7,455	4,507	3,096	3,253	3,674	3,573	3,712
Accrued refund of penalties	5,117	5,118	2,749	2,396	1,853	1,853	1,853	1,854	1,852
TOTAL CURRENT LIABILITIES	492,744	492,435	453,011	433,561	431,348	430,195	430,993	434,611	435,659
LONG TERM LIABILITIES									
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LIABILITIES	1,751,163	1,750,854	1,711,430	1,691,980	1,689,767	1,688,614	1,689,412	1,693,030	1,694,078
SHAREHOLDERS' EQUITY									
Accum. adj. - WM. G. CONL	(180,291)	(180,291)	(180,349)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)	(181,171)
Distributions - WM. G. CO	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)	(119)
Current Earnings	14,036	18,456	23,820	21,830	15,793	11,341	6,103	(1,185)	(8,092)
Accum. adj. - BARKLEY STU	(180,410)	(180,410)	(180,468)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)	(181,290)
Current Earnings	14,036	18,456	23,820	21,830	15,793	11,341	6,103	(1,185)	(8,092)
Accum. adj. - ESTILL B. B	(72,259)	(72,259)	(72,272)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)	(72,455)
Current Earnings	3,118	4,101	5,292	4,848	3,508	2,517	1,358	(263)	(1,797)
TOTAL SHAREHOLDERS' EQUITY	(401,889)	(392,066)	(380,276)	(386,527)	(399,941)	(409,836)	(421,471)	(437,668)	(453,016)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,349,274	\$1,358,788	\$1,331,154	\$1,305,453	\$1,289,826	\$1,278,778	\$1,267,941	\$1,255,362	\$1,241,062

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Nine Months Ended September 30, 2001

	January	February	March	April	May	June	July	August	September	Year-to-Date
Revenue										
Gas sales	\$ 105,987	\$ 66,801	\$ 67,283	\$ 27,743	\$ 15,102	\$ 13,136	\$ 12,332	\$ 10,426	\$ 11,060	\$ 329,870
Collection fee	0	0	0	25	0	0	0	0	0	25
NSF charge	0	0	0	10	0	0	0	0	0	10
Reconnect fees	0	0	0	0	0	0	0	0	130	130
Penalties	3,625	3,459	2,151	2,015	1,165	618	588	532	475	14,627
Temporary service charge	65	65	65	325	0	0	0	0	0	520
Sales tax commission	21	14	13	7	4	4	4	3	3	74
Total revenue	109,698	70,339	69,512	30,125	16,271	13,758	12,924	10,961	11,668	345,256
Expenses										
Gas purchases	50,866	33,586	29,741	10,928	3,841	3,368	2,602	2,024	3,127	140,080
Supervision	1,100	3,300	2,200	1,100	0	0	0	1,520	1,250	10,470
Mains and service labor	2,060	1,670	2,090	1,600	1,695	1,620	2,070	1,750	1,830	16,385
Service supplies & expenses	1,223	396	197	450	1,013	267	308	666	28	4,549
Contract labor	100	200	150	150	410	150	150	195	100	1,605
Rents - Distr expense	0	245	0	0	0	0	0	0	0	245
Maintenance of meters	705	0	0	0	0	0	195	0	0	901
Meter reading labor	2,090	1,665	2,040	1,600	1,600	1,595	1,980	1,600	1,620	15,790
Acctg. & collecting labor	1,876	1,568	1,568	1,876	1,568	2,072	2,044	1,512	1,568	15,652
Computer billing	141	142	205	141	140	138	145	145	621	1,819
General & admin. salaries	5,104	6,772	5,672	5,104	3,472	2,968	4,396	4,208	4,722	42,418
Office supplies & expenses	870	887	1,228	1,169	1,773	1,155	1,364	3,171	1,388	13,004
Outside services employed	0	0	0	0	2,919	0	0	0	0	2,919
Insurance	3,453	217	116	116	116	116	116	107	15	4,371
Employee Benefits	149	149	0	341	170	170	170	170	170	1,492
Miscellaneous general exp	0	0	71	100	0	0	0	142	77	390
Rents	600	1,000	800	800	800	800	800	800	800	7,200
Transportation expense	2,316	1,852	4,208	2,320	3,867	1,778	1,731	2,611	3,168	23,854
Interest - Meter deposits	333	334	334	330	326	323	323	320	322	2,944
Interest - Other	209	205	35	402	176	235	206	247	178	1,893
Interest - KISU	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	18,673
Interest - ARG	35	15	0	0	0	0	0	0	0	49
Depreciation	3,772	3,772	3,772	3,772	3,772	3,772	3,772	3,774	3,774	33,952

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Nine Months Ended September 30, 2001

	January	February	March	April	May	June	July	August	September	Year-to-Date
Amort of organization costs	127	127	127	127	127	127	127	127	127	1,143
Payroll tax expense	936	1,146	1,778	863	638	858	802	810	860	8,690
Public Serv Comm Assessment	0	0	0	0	0	876	0	0	0	876
Total expenses	80,140	61,323	58,407	35,364	30,498	24,463	25,376	27,974	27,820	371,364
Income from operations	29,558	9,016	11,105	(5,239)	(14,227)	(10,705)	(12,452)	(17,013)	(16,152)	(26,108)
Other income	821	0	0	0	0	0	0	0	0	821
Amort of acquisition adjustment	909	909	909	909	909	909	909	909	909	8,181
Interest income	59	51	57	59	60	56	63	62	49	515
Total other income	1,789	960	966	968	969	965	972	971	958	9,517
Other expenses	156	153	153	153	156	154	154	153	155	1,390
Nonutility deductions	156	153	153	153	156	154	154	153	155	1,390
Total other expenses	156	153	153	153	156	154	154	153	155	1,390
Net income	\$ 31,191	\$ 9,823	\$ 11,918	\$ (4,424)	\$ (13,414)	\$ (9,894)	\$ (11,634)	\$ (16,195)	\$ (15,349)	\$ (17,981)

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SIGMA GAS CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$	51,877.28
Cash in bank - CNB		30,253.43
Customer accounts receivable		25,836.76
		<hr/>
Total Current Assets	\$	107,967.47
Property, Plant and Equipment		
Utility Plant in Service		1,692,549.71
Accumulated depreciation		(423,125.50)
Gas plant acquisition adjustment		(188,214.80)
		<hr/>
Total Property Plant and Equipment		1,081,209.41
Other Assets		
Other deferred debits		2,188.45
Other prepaid expenses		82.50
Utility deposits		250.00
Prepaid Insurance		610.71
Nonutility Plant		65,584.00
Accum depr - nonutility		(16,831.25)
		<hr/>
Total Other Assets		51,884.41
TOTAL ASSETS	\$	<u><u>1,241,061.29</u></u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 30,582.16	
Notes payable	248,976.54	
Customer deposits	64,401.92	
Accrued interest	86,133.25	
Accrued taxes	3,710.81	
Accrued refund of penalties	1,853.84	
	<hr/>	
Total Current Liabilities		\$ 435,658.52
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,694,077.52
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	(8,091.11)	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	(8,091.11)	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	(1,798.05)	
	<hr/>	
Total Capital		(453,016.23)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,241,061.29
		<hr/> <hr/>

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SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 11,060.32	94.8	\$ 329,869.51	95.5		
Collection fee	0.00	0.0	25.00	0.0		
NSF charge	0.00	0.0	10.00	0.0		
Reconnect fees	130.00	1.1	130.00	0.0		
Penalties	475.39	4.1	14,627.42	4.2		
Temporary service charge	0.00	0.0	520.00	0.2		
Sales tax commission	2.76	0.0	74.25	0.0		
Total Revenue	11,668.47	100.0	345,256.18	100.0		
Expenses						
Gas purchases	3,126.34	26.8	140,080.07	40.6		
Supervision	1,250.00	10.7	10,470.00	3.0		
Mains and service labor	1,830.00	15.7	16,385.00	4.7		
Service supplies & expenses	27.50	0.2	4,548.86	1.3		
Contract labor	100.00	0.9	1,605.00	0.5		
Rents - Distr expense	0.00	0.0	245.00	0.1		
Maintenance of meters	0.00	0.0	900.75	0.3		
Meter reading labor	1,620.00	13.9	15,790.00	4.6		
Acctg. & collecting labor	1,568.00	13.4	15,652.00	4.5		
Computer billing	621.19	5.3	1,819.11	0.5		
General & admin. salaries	4,722.00	40.5	42,418.00	12.3		
Office supplies & expenses	1,387.70	11.9	13,003.94	3.8		
Outside services employed	0.00	0.0	2,919.37	0.8		
Insurance	15.41	0.1	4,371.17	1.3		
Employee Benefits	170.42	1.5	1,491.68	0.4		
Miscellaneous general exp	77.00	0.7	390.10	0.1		
Rents	800.00	6.9	7,200.00	2.1		
Transportation expense	3,168.31	27.2	23,853.33	6.9		
Interest - Meter deposits	322.01	2.8	2,944.49	0.9		
Interest - Other	178.09	1.5	1,893.31	0.5		
Interest - KISU	2,074.80	17.8	18,673.20	5.4		
Interest - ARG	0.00	0.0	49.41	0.0		
Depreciation	3,774.00	32.3	33,952.00	9.8		
Amort of organization costs	127.00	1.1	1,143.00	0.3		
Payroll tax expense	860.48	7.4	8,690.08	2.5		
Public Serv Comm Assessment	0.00	0.0	876.47	0.3		
Total Expenses	27,820.25	238.4	371,365.34	107.6		
Income from Operations	(16,151.78)	(138.4)	(26,109.16)	(7.6)		
Other Income						
Other income	0.00	0.0	820.85	0.2		
Amort of acquisition adjustment	909.00	7.8	8,181.00	2.4		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

	C U R R E N T P E R I O D	Y E A R T O	D A T E
	Amount	Percent	Amount
	Percent	Percent	Percent
Interest income	49.02	0.4	515.29
Total Other Income	958.02	8.2	9,517.14
Other Expenses			
Nonutility deductions	154.25	1.3	1,388.25
Total Other Expenses	154.25	1.3	1,388.25
Net Income	\$ (15,348.01)	(131.5)	\$ (17,980.27) (5.2)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the six months ended month ended September 30, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (15,348.01)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,146.25
Interest income	(49.02)
Changes in operating assets and liabilities	
Increase in accounts receivable	(166.21)
Decrease in prepaid expenses and deferred debits	590.83
Decrease in accounts payable	(1,965.89)
Increase in other current liabilities	<u>3,013.59</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (10,778.46)
INVESTING ACTIVITIES	
Purchase of plant	(212.00)
Interest income	<u>49.02</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (162.98)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (10,941.44)
CASH, BEGINNING BALANCE	\$ <u>93,072.15</u>
CASH, ENDING BALANCE	\$ <u>82,130.71</u>
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 20.77

SIGMA GAS CORPORATION
BALANCE SHEET
AUGUST 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$	63,967.74
Cash in bank - CNB		29,104.41
Customer accounts receivable		25,670.55
		<hr/>
Total Current Assets	\$	118,742.70
Property, Plant and Equipment		
Utility Plant in Service		1,692,337.71
Accumulated depreciation		(419,224.50)
Gas plant acquisition adjustment		(189,123.80)
		<hr/>
Total Property Plant and Equipment		1,083,989.41
Other Assets		
Other deferred debits		2,188.45
Other prepaid expenses		110.00
Utility deposits		250.00
Prepaid Insurance		1,174.04
Nonutility Plant		65,584.00
Accum depr - nonutility		(16,677.00)
		<hr/>
Total Other Assets		52,629.49
		<hr/>
TOTAL ASSETS	\$	<u><u>1,255,361.60</u></u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
AUGUST 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 32,548.05	
Notes payable	248,976.54	
Customer deposits	63,901.92	
Accrued interest	83,757.21	
Accrued taxes	3,573.26	
Accrued refund of penalties	1,853.84	
	<hr/>	
Total Current Liabilities		\$ 434,610.82
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,693,029.82
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	(1,184.51)	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	(1,184.51)	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	(263.24)	
	<hr/>	
Total Capital		(437,668.22)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,255,361.60
		<hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E
	Amount	Percent	Amount	Percent	
Revenue					
Gas sales	\$ 10,425.62	95.1	\$ 318,809.19	95.6	
Collection fee	0.00	0.0	25.00	0.0	
NSF charge	0.00	0.0	10.00	0.0	
Penalties	531.79	4.9	14,152.03	4.2	
Temporary service charge	0.00	0.0	520.00	0.2	
Sales tax commission	2.84	0.0	71.49	0.0	
Total Revenue	10,960.25	100.0	333,587.71	100.0	
Expenses					
Gas purchases	2,024.46	18.5	136,953.73	41.1	
Supervision	1,520.00	13.9	9,220.00	2.8	
Mains and service labor	1,750.00	16.0	14,555.00	4.4	
Service supplies & expenses	666.26	6.1	4,521.36	1.4	
Contract labor	195.00	1.8	1,505.00	0.5	
Rents - Distr expense	0.00	0.0	245.00	0.1	
Maintenance of meters	0.00	0.0	900.75	0.3	
Meter reading labor	1,600.00	14.6	14,170.00	4.2	
Acctg. & collecting labor	1,512.00	13.8	14,084.00	4.2	
Computer billing	145.16	1.3	1,197.92	0.4	
General & admin. salaries	4,208.00	38.4	37,696.00	11.3	
Office supplies & expenses	3,170.07	28.9	11,616.24	3.5	
Outside services employed	0.00	0.0	2,919.37	0.9	
Insurance	106.73	1.0	4,355.76	1.3	
Employee Benefits	170.42	1.6	1,321.26	0.4	
Miscellaneous general exp	142.00	1.3	313.10	0.1	
Rents	800.00	7.3	6,400.00	1.9	
Transportation expense	2,611.39	23.8	20,685.02	6.2	
Interest - Meter deposits	319.51	2.9	2,622.48	0.8	
Interest - Other	247.16	2.3	1,715.22	0.5	
Interest - KISU	2,074.80	18.9	16,598.40	5.0	
Interest - ARG	0.00	0.0	49.41	0.0	
Depreciation	3,774.00	34.4	30,178.00	9.0	
Amort of organization costs	127.00	1.2	1,016.00	0.3	
Payroll tax expense	810.13	7.4	7,829.60	2.3	
Public Serv Comm Assessment	0.00	0.0	876.47	0.3	
Total Expenses	27,974.09	255.2	343,545.09	103.0	
Income from Operations	(17,013.84)	(155.2)	(9,957.38)	(3.0)	
Other Income					
Other income	0.00	0.0	820.85	0.2	
Amort of acquisition adjustment	909.00	8.3	7,272.00	2.2	
Interest income	61.52	0.6	466.27	0.1	

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE EIGHT MONTHS ENDED AUGUST 31, 2001

	C U R R E N T P E R I O D	P E R I O D	Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Total Other Income	970.52	8.9	8,559.12	2.6
Other Expenses				
Nonutility deductions	154.25	1.4	1,234.00	0.4
Total Other Expenses	154.25	1.4	1,234.00	0.4
Net Income	\$ (16,197.57)	(147.8)	\$ (2,632.26)	(0.8)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the six months ended month ended August 31, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (16,197.57)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,146.25
Interest income	(61.52)
Changes in operating assets and liabilities	
Decrease in accounts receivable	3,291.28
Increase in prepaid expenses and deferred debits	(1,146.54)
Increase in accounts payable	2,000.26
Increase in other current liabilities	<u>1,617.41</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (7,350.43)
INVESTING ACTIVITIES	
Purchase of plant	(1,370.50)
Interest income	<u>61.52</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (1,308.98)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (8,659.41)
CASH, BEGINNING BALANCE	<u>\$101,731.56</u>
CASH, ENDING BALANCE	\$ 93,072.15
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 76.10

SIGMA GAS CORPORATION
BALANCE SHEET
JULY 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 72,788.67	
Cash in bank - CNB	28,942.89	
Customer accounts receivable	28,961.83	
	<hr/>	
Total Current Assets		\$ 130,693.39
Property, Plant and Equipment		
Utility Plant in Service	1,690,967.21	
Accumulated depreciation	(415,323.50)	
Gas plant acquisition adjustment	(190,032.80)	
	<hr/>	
Total Property Plant and Equipment		1,085,610.91
Other Assets		
Other deferred debits	2,188.45	
Other prepaid expenses	137.50	
Utility deposits	250.00	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(16,522.75)	
	<hr/>	
Total Other Assets		51,637.20
		<hr/>
TOTAL ASSETS		\$ 1,267,941.50
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JULY 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 30,547.79	
Notes payable	248,976.54	
Customer deposits	64,501.92	
Accrued interest	81,439.00	
Accrued taxes	3,674.06	
Accrued refund of penalties	1,853.84	
Total Current Liabilities		\$ 430,993.15
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,689,412.15
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	6,104.40	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	6,104.40	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	1,356.51	
Total Capital		(421,470.65)
TOTAL LIABILITIES AND CAPITAL		\$ 1,267,941.50

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE SEVEN MONTHS ENDED JULY 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 12,331.76	95.4	\$ 308,383.57	95.6		
Collection fee	0.00	0.0	25.00	0.0		
NSF charge	0.00	0.0	10.00	0.0		
Penalties	587.62	4.5	13,620.24	4.2		
Temporary service charge	0.00	0.0	520.00	0.2		
Sales tax commission	4.23	0.0	68.65	0.0		
Total Revenue	12,923.61	100.0	322,627.46	100.0		
Expenses						
Gas purchases	2,601.48	20.1	134,929.27	41.8		
Supervision	0.00	0.0	7,700.00	2.4		
Mains and service labor	2,070.00	16.0	12,805.00	4.0		
Service supplies & expenses	308.19	2.4	3,855.10	1.2		
Contract labor	150.00	1.2	1,310.00	0.4		
Rents - Distr expense	0.00	0.0	245.00	0.1		
Maintenance of meters	195.46	1.5	900.75	0.3		
Meter reading labor	1,980.00	15.3	12,570.00	3.9		
Acctg. & collecting labor	2,044.00	15.8	12,572.00	3.9		
Computer billing	145.16	1.1	1,052.76	0.3		
General & admin. salaries	4,396.00	34.0	33,488.00	10.4		
Office supplies & expenses	1,363.81	10.6	8,446.17	2.6		
Outside services employed	0.00	0.0	2,919.37	0.9		
Insurance	115.66	0.9	4,249.03	1.3		
Employee Benefits	170.42	1.3	1,150.84	0.4		
Miscellaneous general exp	0.00	0.0	171.10	0.1		
Rents	800.00	6.2	5,600.00	1.7		
Transportation expense	1,730.73	13.4	18,073.63	5.6		
Interest - Meter deposits	322.51	2.5	2,302.97	0.7		
Interest - Other	206.32	1.6	1,468.06	0.5		
Interest - KISU	2,074.80	16.1	14,523.60	4.5		
Interest - ARG	0.00	0.0	49.41	0.0		
Depreciation	3,772.00	29.2	26,404.00	8.2		
Amort of organization costs	127.00	1.0	889.00	0.3		
Payroll tax expense	802.48	6.2	7,019.47	2.2		
Public Serv Comm Assessment	0.00	0.0	876.47	0.3		
Total Expenses	25,376.02	196.4	315,571.00	97.8		
Income from Operations	(12,452.41)	(96.4)	7,056.46	2.2		
Other Income						
Other income	0.00	0.0	820.85	0.3		
Amort of acquisition adjustment	909.00	7.0	6,363.00	2.0		
Interest income	62.68	0.5	404.75	0.1		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE SEVEN MONTHS ENDED JULY 31, 2001

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Total Other Income	971.68	7.5	7,588.60	2.4
Other Expenses				
Nonutility deductions	154.25	1.2	1,079.75	0.3
Total Other Expenses	154.25	1.2	1,079.75	0.3
Net Income	\$ (11,634.98)	(90.0)%	\$ 13,565.31	4.2

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the six months ended month ended July 31, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (11,634.98)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(62.68)
Changes in operating assets and liabilities	
Decrease in accounts receivable	2,162.80
Decrease in prepaid expenses and deferred debits	143.16
Decrease in accounts payable	(1,891.46)
Increase in other current liabilities	<u>2,689.66</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (5,449.25)
INVESTING ACTIVITIES	
Purchase of plant	(1,861.69)
Interest income	<u>62.68</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (1,799.01)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (7,248.26)
CASH, BEGINNING BALANCE	<u>\$108,979.82</u>
CASH, ENDING BALANCE	\$101,731.56
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 64.29



Ernie Fletcher
Governor

LaJuana S. Wilcher
Secretary

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission

211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
June 24, 2004

Estill B. Branham
President
Auxier Road Gas Company, Inc.
P. O. Box 785
Prestonsburg, KY 41653

CERTIFICATE OF SERVICE

RE: Case No. 1999-00074
Sigma Gas Corporation, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on June 24, 2004.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

TD/jc
Enclosure

Estill B. Branham
President
Auxier Road Gas Company, Inc.
P. O. Box 785
Prestonsburg, KY 41653

Susan Crum
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY 41465

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF SIGMA GAS CORPORATION) CASE NO.
FOR ADJUSTMENT OF RATES) 1998-00244

THE APPLICATION OF SIGMA GAS CORPORATION) CASE NO.
FOR APPROVAL OF FINANCING) 1999-00074

O R D E R

In Orders dated October 27, 1998, in Case No. 1998-00244, and October 1, 1999, in Case No. 1999-00074, the Commission, among other things, imposed the following reporting requirements on Sigma Gas Corporation ("Sigma"). Per the Order in Case No. 1998-00244, Sigma was to file reports of gas supply payments, both past due and current, consisting of copies of paid invoices and cancelled checks, on a quarterly basis, with its reports to be filed with its Gas Cost Adjustment ("GCA") filings. Per the Order in Case No. 1999-00074, Sigma was to file with the Commission, quarterly, a comparative balance sheet, an income statement, and monthly cash flow statements.

The Commission finds, based on record keeping changes made by Sigma, as observed by our financial audit staff, that the filings described above are no longer necessary. Therefore, upon its own motion, the Commission hereby relieves Sigma of these filing requirements. If the Commission determines that it has a need for this information in the future, we will revisit the need to impose these or similar filing requirements at that point in time.

IT IS THEREFORE ORDERED that:

1. Sigma is hereby relieved of its obligation to file the reports of gas supply payments with its quarterly GCA filings, as previously required by our October 27, 1998 Order in Case No. 1998-00244.

2. Sigma is hereby relieved of its obligation to file the quarterly financial statements identified herein, as previously required by our October 1, 1999 Order in Case No. 1999-00074.

Done at Frankfort, Kentucky, this 24th day of June, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 1998-00244
Case No. 1999-00074

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

Estill Branham
Manager

(606) 349-1505
(606) 886-7075

February 1, 2001

RECEIVED

FEB 02 2001

PUBLIC SERVICE
COMMISSION

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-074

Dear Dorman:

Enclosed please find the financial statements of Sigma for October, November and December 2000 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above:

Yours truly,

Estill Branham

Estill Branham

Enclosures
EBB/sc

RECEIVED
FEB 02 2001
PUBLIC SERVICE
COMMISSION

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2000

	January	February	March	April	May	June	July	August	September	October	November	December
CURRENT ASSETS												
Cash in bank - checking	\$ 13,041	\$ 42,450	\$ 87,896	\$ 71,427	\$ 72,666	\$ 59,855	\$ 55,927	\$ 40,418	\$ 36,732	\$ 18,843	\$ 12,504	\$ 14,553
Cash in bank - CNB	16,010	17,043	17,480	17,914	18,555	18,593	18,733	18,973	19,308	21,953	23,999	25,238
Customer accounts receivable	83,916	82,919	52,975	43,625	27,677	24,838	19,939	20,180	19,281	28,005	59,122	91,001
Accounts receivable-other	359	0	0	0	1	1	0	0	(1)	0	0	0
TOTAL CURRENT ASSETS	113,326	142,412	158,351	132,966	118,899	103,287	94,599	79,571	75,320	68,801	95,625	130,792

PROPERTY AND EQUIPMENT												
Utility Plant in Service	1,664,673	1,668,570	1,668,570	1,668,570	1,668,782	1,668,782	1,669,295	1,669,295	1,676,092	1,677,123	1,679,761	1,681,930
Accumulated depreciation	(345,098)	(348,925)	(352,752)	(356,579)	(360,406)	(364,233)	(368,060)	(371,887)	(375,716)	(379,548)	(383,380)	(388,031)
Gas plant acquisition adjustment	(206,395)	(205,485)	(204,576)	(203,667)	(202,758)	(201,849)	(200,940)	(200,031)	(199,123)	(198,214)	(197,304)	(196,395)
TOTAL PROPERTY AND EQUIPMENT	1,113,180	1,114,160	1,111,242	1,108,324	1,105,618	1,102,700	1,100,295	1,097,377	1,101,253	1,099,361	1,099,077	1,097,504

OTHER ASSETS												
Other deferred debits	3,979	3,979	3,979	3,979	3,979	3,979	3,979	3,979	3,979	3,581	3,581	3,581
Utility deposits	250	250	250	250	250	250	250	250	250	250	250	250
Prepaid Insurance	0	0	0	0	0	0	0	1,273	1,157	1,041	926	810
Prepaid gas costs	4,561	0	1,786	3,170	5,240	5,240	7,533	11,095	14,254	19,216	29,214	15,419
Nonutility Plant	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584
Accum depr - nonutility	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,742)	(15,443)
TOTAL OTHER ASSETS	62,633	58,072	59,858	61,242	63,312	63,312	65,605	70,440	73,085	77,931	87,813	69,206

TOTAL ASSETS	\$1,289,139	\$1,314,644	\$1,329,451	\$1,302,532	\$1,287,829	\$1,269,299	\$1,260,499	\$1,247,388	\$1,249,658	\$1,246,093	\$1,282,515	\$1,297,502
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See Accountant's Compilation Report

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2000

	January	February	March	April	May	June	July	August	September	October	November	December
LIABILITIES & SHAREHOLDERS' EQUITY												
CURRENT LIABILITIES												
Accounts payable - current	\$ 46,378	\$ 50,824	\$ 59,508	\$ 31,835	\$ 23,904	\$ 20,897	\$ 27,399	\$ 25,874	\$ 39,049	\$ 41,328	\$ 63,475	\$ 71,288
Notes payable	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128
Customer deposits	65,502	65,902	65,702	65,002	64,602	63,002	62,502	62,702	62,702	64,602	66,402	66,092
Accrued interest	48,723	51,487	53,926	56,360	58,460	60,467	62,427	64,781	67,009	69,294	71,704	69,420
Accrued taxes	5,709	4,921	4,421	3,384	3,336	3,196	3,148	2,779	2,736	3,698	4,389	6,146
Accrued refund of penalties	16,324	16,325	14,248	14,248	12,283	11,301	10,157	8,816	7,794	6,771	5,766	5,826
TOTAL CURRENT LIABILITIES	435,764	442,587	450,933	423,957	415,713	411,991	418,761	418,080	432,418	438,821	464,864	471,900
LONG TERM LIABILITIES												
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LIABILITIES	1,694,183	1,701,006	1,709,352	1,682,376	1,674,132	1,670,410	1,677,180	1,676,499	1,690,837	1,697,240	1,723,283	1,730,319
SHAREHOLDERS' EQUITY												
Accum. adj. - WM. G. CONL	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,931)
Current Earnings	11,305	19,712	22,620	22,644	19,739	13,076	6,067	475	(4,957)	(9,441)	(4,772)	(360)
Accum. adj. - BARKLEY STU	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,931)
Current Earnings	11,305	19,712	22,620	22,644	19,739	13,076	6,067	475	(4,957)	(9,441)	(4,772)	(360)
Accum. adj. - ESTILL B. B	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(72,155)
Current Earnings	2,513	4,380	5,026	5,034	4,386	2,904	1,351	105	(1,099)	(2,098)	(1,058)	(79)
TOTAL SHAREHOLDERS' EQUITY	(405,043)	(386,362)	(379,900)	(379,844)	(386,302)	(401,110)	(416,681)	(429,111)	(441,179)	(451,146)	(440,768)	(432,816)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,289,140	\$1,314,644	\$1,329,452	\$1,302,532	\$1,287,830	\$1,269,300	\$1,260,499	\$1,247,388	\$1,249,658	\$1,246,094	\$1,282,515	\$1,297,503

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Twelve Months Ended December 31, 2000

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
Revenue													
Gas sales	\$ 79,096	\$ 67,779	\$ 39,374	\$ 28,044	\$ 14,688	\$ 11,561	\$ 12,407	\$ 11,527	\$ 12,028	\$ 23,638	\$ 54,138	\$ 91,154	\$ 445,534
NSF charge	0	0	10	0	0	0	10	0	0	0	0	0	20
Reconnect fees	0	0	0	0	0	0	0	35	260	585	325	65	1,270
Penalties	2,206	1,860	2,174	1,307	1,180	743	511	491	371	303	725	1,731	13,602
Temporary service charge	15	65	140	70	210	175	0	0	0	130	65	390	1,260
Sales tax commission	15	13	7	6	4	4	4	4	4	6	10	19	97
Total revenue	81,332	69,717	41,705	29,427	16,082	12,483	12,932	12,157	12,663	24,662	55,263	93,359	461,783
Expenses													
Gas purchases	38,212	31,967	17,771	11,980	4,133	2,831	2,628	2,244	3,090	10,923	21,677	37,560	185,012
Compressor station power	34	0	0	0	0	0	0	0	0	0	0	0	34
Supervision	1,000	1,000	1,000	1,000	1,000	1,000	1,000	0	0	1,000	1,000	1,000	10,000
Mains and service labor	912	664	740	652	848	668	862	474	1,344	952	852	420	9,388
Service supplies & expenses	0	569	15	0	231	50	389	1,907	1,012	1,467	1,436	0	7,076
Contract labor	150	684	50	100	813	1,738	1,667	994	278	2,240	1,745	2,150	12,609
Maintenance of meters	0	0	15	0	0	335	0	0	0	0	0	0	350
Meter reading labor	912	680	724	592	832	676	808	450	1,456	908	640	574	9,252
Acctg. & collecting labor	1,300	1,120	1,120	1,280	1,500	1,120	1,300	2,120	1,120	1,500	1,120	1,500	16,100
Computer billing	136	139	189	618	136	132	134	136	135	138	622	139	2,654
Uncollectable accounts	0	0	0	0	0	0	0	0	0	0	0	0	3,184
General & admin. salaries	4,000	3,480	3,480	3,480	4,200	3,480	4,000	3,800	2,600	4,200	3,480	4,200	44,400
Office supplies & expenses	1,145	1,026	714	1,146	923	1,485	1,290	1,448	958	1,147	1,838	1,595	14,816
Outside services employed	0	0	168	0	0	0	4,285	2,307	2,491	0	901	278	10,429
Insurance	1,500	785	0	0	102	0	512	116	(432)	116	116	116	2,929
Repairs and damages	0	0	0	0	0	0	0	0	0	0	0	0	4,500
Employee Benefits	125	125	149	149	149	149	149	149	149	299	149	149	1,892
Miscellaneous general exp	452	82	421	100	0	867	0	0	269	150	0	0	2,341
Rents	725	600	600	600	600	600	600	600	600	600	600	600	7,325
Transportation expense	1,451	1,807	1,452	1,702	1,294	1,731	2,833	1,811	1,634	2,605	3,180	2,290	23,791
Interest - Meter deposits	328	655	329	325	(2)	315	313	314	314	323	332	330	3,874
Interest - Other	65	130	144	115	190	171	132	208	137	419	35	228	1,975
Interest - KISU	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	24,898
Interest - ARG	35	35	35	35	35	35	35	35	35	35	35	35	415

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SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Twelve Months Ended December 31, 2000

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
Depreciation	3,698	3,699	3,700	3,700	3,700	3,700	3,700	3,700	3,703	3,705	3,705	4,525	45,235
Amort of organization costs	127	127	127	127	127	127	127	127	127	127	127	125	1,522
Payroll tax expense	621	531	1,173	536	641	948	611	524	570	655	543	610	7,962
Public Serv Comm Assessment	0	0	0	0	0	751	0	0	2,015	0	0	0	2,766
Taxes other than income	0	0	0	0	0	3,256	0	0	0	0	0	0	3,256
Public Serv Company Assess	0	0	0	0	0	0	0	0	0	0	0	14,347	14,347
Other expenses	59,003	51,980	36,191	30,312	23,527	28,240	29,450	25,539	25,680	35,584	46,208	82,630	474,332
Income from operations	22,329	17,737	5,514	(885)	(7,445)	(15,757)	(16,518)	(13,382)	(13,017)	(10,922)	9,055	10,729	(12,549)
Other income											367	0	2,218
Other income	1,851	0	0	0	0	0	0	0	0	0	0	0	0
Transfer fees	0	0	0	0	35	0	0	0	0	0	0	0	(35)
Amort of acquisition adjustment	909	909	909	909	909	909	909	909	909	909	909	909	10,908
Interest income	33	33	37	34	41	38	40	40	38	45	47	49	474
Total other income	2,793	942	946	943	985	947	949	949	947	954	1,323	923	13,600
Other expenses													
Nonutility deductions	1	0	(2)	(1)	0	0	1	(1)	(4)	(2)	0	1,850	1,853
Total other expenses	1	0	(2)	(1)	0	0	1	(1)	(4)	(2)	0	1,850	1,853
Net income	\$ 25,121	\$ 18,679	\$ 6,462	\$ 59	\$ (6,460)	\$ (14,810)	\$ (15,570)	\$ (12,432)	\$ (12,066)	\$ (9,966)	\$ 10,378	\$ 9,802	\$ (802)

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SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 2000

ASSETS

Current Assets		
Cash in bank - checking	\$ 14,552.83	
Cash in bank - CNB	25,238.14	
Customer accounts receivable	91,001.23	
	<hr/>	
Total Current Assets		\$ 130,792.20
Property, Plant and Equipment		
Utility Plant in Service	1,681,930.57	
Accumulated depreciation	(388,030.50)	
Gas plant acquisition adjustment	(196,395.80)	
	<hr/>	
Total Property Plant and Equipment		1,097,504.27
Other Assets		
Other deferred debits	2,586.35	
Utility deposits	250.00	
Prepaid Insurance	809.92	
Prepaid gas costs	15,419.14	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(15,443.00)	
	<hr/>	
Total Other Assets		69,206.41
		<hr/>
TOTAL ASSETS		\$ 1,297,502.88
		<hr/> <hr/>

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SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 71,287.69	
Notes payable	253,127.60	
Customer deposits	66,091.92	
Accrued interest	69,421.04	
Accrued taxes	6,144.95	
Accrued refund of penalties	5,826.56	
Total Current Liabilities		\$ 471,899.76
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,730,318.76
Capital		
Accum. adj. - WM. G. CONL	(179,931.84)	
Current Earnings	(359.48)	
Accum. adj. - BARKLEY STU	(179,931.85)	
Current Earnings	(359.48)	
Accum. adj. - ESTILL B. B	(72,153.44)	
Current Earnings	(79.79)	
Total Capital		(432,815.88)
TOTAL LIABILITIES AND CAPITAL		\$ 1,297,502.88

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E
	Amount	Percent	Amount	Percent	
Revenue					
Gas sales	\$ 91,154.34	97.6	\$ 445,534.92	96.5	
NSF charge	0.00	0.0	20.00	0.0	
Reconnect fees	65.00	0.1	1,270.00	0.3	
Penalties	1,731.47	1.9	13,602.29	2.9	
Temporary service charge	390.00	0.4	1,260.00	0.3	
Sales tax commission	18.81	0.0	97.38	0.0	
Total Revenue	93,359.62	100.0	461,784.59	100.0	
Expenses					
Gas purchases	37,558.84	40.2	185,011.28	40.1	
Compressor station power	0.00	0.0	34.17	0.0	
Supervision	1,000.00	1.1	10,000.00	2.2	
Mains and service labor	420.15	0.5	9,388.00	2.0	
Service supplies & expenses	0.00	0.0	7,076.41	1.5	
Contract labor	2,150.00	2.3	12,608.96	2.7	
Maintenance of meters	0.00	0.0	349.96	0.1	
Meter reading labor	574.00	0.6	9,252.00	2.0	
Acctg. & collecting labor	1,500.00	1.6	16,100.00	3.5	
Computer billing	138.96	0.1	2,654.24	0.6	
Uncollectable accounts	3,184.05	3.4	3,184.05	0.7	
General & admin. salaries	4,200.00	4.5	44,400.00	9.6	
Office supplies & expenses	1,694.38	1.8	14,816.03	3.2	
Outside services employed	277.50	0.3	10,429.25	2.3	
Insurance	115.71	0.1	2,929.07	0.6	
Injuries and damages	4,500.00	4.8	4,500.00	1.0	
Employee Benefits	149.37	0.2	1,892.31	0.4	
Miscellaneous general exp	0.00	0.0	2,340.61	0.5	
Rents	600.00	0.6	7,325.00	1.6	
Transportation expense	2,290.02	2.5	23,791.59	5.2	
Interest - Meter deposits	330.46	0.4	3,873.57	0.8	
Interest - Other	228.30	0.2	1,975.34	0.4	
Interest - KISU	2,074.80	2.2	24,897.60	5.4	
Interest - ARG	34.59	0.0	415.08	0.1	
Depreciation	4,525.24	4.8	45,235.08	9.8	
Amort of organization costs	124.80	0.1	1,521.80	0.3	
Payroll tax expense	610.16	0.7	7,962.10	1.7	
Public Serv Comm Assessment	0.00	0.0	2,765.73	0.6	
Taxes other than income	0.00	0.0	3,255.85	0.7	
Public Serv Company Assess	14,347.21	15.4	14,347.21	3.1	
Total Expenses	82,628.54	88.5	474,332.29	102.7	
Income from Operations	10,731.08	11.5	(12,547.70)	(2.7)	
Other Income					

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Other income	0.00	0.0	2,218.17	0.5
Transfer fees	(35.00)	0.0	0.00	0.0
Amort of acquisition adjustment	909.00	1.0	10,908.00	2.4
Interest income	48.70	0.1	473.78	0.1
<u>Total Other Income</u>	<u>922.70</u>	<u>1.0</u>	<u>13,599.95</u>	<u>2.9</u>
Other Expenses				
Nonutility deductions	1,851.00	2.0	1,851.00	0.4
<u>Total Other Expenses</u>	<u>1,851.00</u>	<u>2.0</u>	<u>1,851.00</u>	<u>0.4</u>
Net Income	\$ <u>9,802.78</u>	<u>10.5</u>	\$ <u>(798.75)</u>	<u>(0.2)</u>

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the twelve months ended December 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ 9,802.78
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	5,592.04
Interest income	(48.70)
Changes in operating assets and liabilities	
Increase in accounts receivable	(31,879.36)
Decrease in other deferred debits	994.75
Decrease in prepaid expenses	13,910.32
Increase in accounts payable	7,812.46
Decrease in other current liabilities	<u>(776.58)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ 5,407.71
INVESTING ACTIVITIES	
Purchase of plant materials	(2,168.75)
Interest income	<u>48.70</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(2,120.05)
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$ 3,287.66
CASH, BEGINNING BALANCE	<u>\$ 36,503.31</u>
CASH, ENDING BALANCE	\$ 39,790.97
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 4,758.09

Sigma Gas Corporation

P. O. Box 22
Salyersville, Kentucky 41465

Estill Branham
Manager

(606) 349-1505
(606) 886-7075

April 25, 2001

RECEIVED
APR 27 2001
PUBLIC SERVICE
COMMISSION

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-074

Dear Dorman:

Enclosed please find the financial statements of Sigma for January, February and March 2001 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Yours truly,



Susan A. Crum

Enclosures

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2001

	January	February	March
ASSETS			
CURRENT ASSETS			
Cash in bank - checking	\$ 55,750	\$ 100,615	\$ 80,980
Cash in bank - CNB	26,497	27,048	27,705
Customer accounts receivable	117,863	85,248	79,879
TOTAL CURRENT ASSETS	200,110	212,911	188,564
PROPERTY AND EQUIPMENT			
Utility Plant in Service	1,682,761	1,682,761	1,682,761
Accumulated depreciation	(391,930)	(395,829)	(399,728)
Gas plant acquisition adjustment	(195,486)	(194,577)	(193,668)
TOTAL PROPERTY AND EQUIPMENT	1,095,345	1,092,355	1,089,365
OTHER ASSETS			
Other deferred debits	2,586	2,586	2,586
Other prepaid expenses	303	275	248
Utility deposits	250	250	250
Prepaid Insurance	694	579	463
Nonutility Plant	65,584	65,584	65,584
Accum depr - nonutility	(15,597)	(15,752)	(15,906)
TOTAL OTHER ASSETS	53,820	53,522	53,225
TOTAL ASSETS	\$1,349,275	\$1,358,788	\$1,331,154

See Accountant's Compilation Report

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2001

	January	February	March
LIABILITIES & SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable - current	\$ 90,001	\$ 94,652	\$ 55,103
Notes payable	253,128	248,977	248,977
Customer deposits	66,692	66,892	66,802
Accrued interest	69,938	69,574	71,925
Accrued taxes	7,868	7,222	7,455
Accrued refund of penalties	5,117	5,118	2,749
TOTAL CURRENT LIABILITIES	492,744	492,435	453,011
LONG TERM LIABILITIES			
Note payable - DLG	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES	1,258,419	1,258,419	1,258,419
TOTAL LIABILITIES	1,751,163	1,750,854	1,711,430
SHAREHOLDERS' EQUITY			
Accum. adj. - WM. G. CONL	(180,291)	(180,291)	(180,349)
Distributions - WM. G. CO	(119)	(119)	(119)
Current Earnings	14,036	18,456	23,820
Accum. adj. - BARKLEY STU	(180,410)	(180,410)	(180,468)
Current Earnings	14,036	18,456	23,820
Accum. adj. - ESTILL B. B	(72,259)	(72,259)	(72,272)
Current Earnings	3,118	4,101	5,292
TOTAL SHAREHOLDERS' EQUITY	(401,889)	(392,066)	(380,276)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,349,274	\$1,358,788	\$1,331,154

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Three Months Ended March 31, 2001

	January	February	March	Year-to-Date
Revenue				
Gas sales	\$ 105,987	\$ 66,801	\$ 67,283	\$ 240,071
Penalties	3,625	3,459	2,151	9,235
Temporary service charge	65	65	65	195
Sales tax commission	21	14	13	49
Total revenue	109,698	70,339	69,512	249,550
Expenses				
Gas purchases	50,866	33,586	29,741	114,193
Supervision	1,100	3,300	2,200	6,600
Mains and service labor	2,060	1,670	2,090	5,820
Service supplies & expenses	1,223	396	197	1,816
Contract labor	100	200	150	450
Rents - Distr expense	0	245	0	245
Maintenance of meters	705	0	0	705
Meter reading labor	2,090	1,665	2,040	5,795
Acctg. & collecting labor	1,876	1,568	1,568	5,012
Computer billing	141	142	205	488
General & admin. salaries	5,104	6,772	5,672	17,548
Office supplies & expenses	870	887	1,228	2,983
Insurance	3,453	217	116	3,786
Employee Benefits	149	149	0	299
Miscellaneous general exp	0	0	71	71
Rents	600	1,000	800	2,400
Transportation expense	2,316	1,852	4,208	8,377
Interest - Meter deposits	333	334	334	1,002
Interest - Other	209	205	35	449
Interest - KISU	2,075	2,075	2,075	6,224
Interest - ARG	35	15	0	49
Depreciation	3,772	3,772	3,772	11,316
Amort of organization costs	127	127	127	381
Payroll tax expense	936	1,146	1,778	3,859
Total expenses	80,140	61,323	58,407	199,868

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Three Months Ended March 31, 2001

	January	February	March	Year-to-Date
Income from operations	29,558	9,016	11,105	49,682
Other income	821	0	0	821
Other income	909	909	909	2,727
Amort of acquisition adjustment	59	51	57	167
Interest income	1,789	960	966	3,715
Total other income	1,789	960	966	3,715
Other expenses	156	153	153	464
Nonutility deductions	156	153	153	464
Total other expenses	156	153	153	464
Net income	<u>\$ 31,191</u>	<u>\$ 9,823</u>	<u>\$ 11,918</u>	<u>\$ 52,933</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
MARCH 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 80,979.62	
Cash in bank - CNB	27,705.37	
Customer accounts receivable	79,878.98	
	<hr/>	
Total Current Assets		\$ 188,563.97
Property, Plant and Equipment		
Utility Plant in Service	1,682,761.59	
Accumulated depreciation	(399,727.50)	
Gas plant acquisition adjustment	(193,668.80)	
	<hr/>	
Total Property Plant and Equipment		1,089,365.29
Other Assets		
Other deferred debits	2,586.35	
Other prepaid expenses	247.50	
Utility deposits	250.00	
Prepaid Insurance	462.79	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(15,905.75)	
	<hr/>	
Total Other Assets		53,224.89
		<hr/>
TOTAL ASSETS		\$ 1,331,154.15
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
MARCH 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 55,102.72	
Notes payable	248,976.54	
Customer deposits	66,801.92	
Accrued interest	71,925.18	
Accrued taxes	7,453.32	
Accrued refund of penalties	2,751.09	
Total Current Liabilities		\$ 453,010.77
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,711,429.77
Capital		
Accum. adj. - WM. G. CONL	(180,349.57)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	23,820.16	
Accum. adj. - BARKLEY STU	(180,468.37)	
Current Earnings	23,820.16	
Accum. adj. - ESTILL B. B	(72,272.57)	
Current Earnings	5,293.36	
Total Capital		(380,275.62)
TOTAL LIABILITIES AND CAPITAL		\$ 1,331,154.15

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E
	Amount	Percent	Amount	Percent	
Revenue					
Gas sales	\$ 67,283.05	96.8	\$ 240,070.98	96.2	
Penalties	2,151.23	3.1	9,235.16	3.7	
Temporary service charge	65.00	0.1	195.00	0.1	
Sales tax commission	13.40	0.0	49.03	0.0	
Total Revenue	69,512.68	100.0	249,550.17	100.0	
Expenses					
Gas purchases	29,740.73	42.8	114,193.00	45.8	
Supervision	2,200.00	3.2	6,600.00	2.6	
Mains and service labor	2,090.00	3.0	5,820.00	2.3	
Service supplies & expenses	197.26	0.3	1,815.87	0.7	
Contract labor	150.00	0.2	450.00	0.2	
Rents - Distr expense	0.00	0.0	245.00	0.1	
Maintenance of meters	0.00	0.0	705.29	0.3	
Meter reading labor	2,040.00	2.9	5,795.00	2.3	
Acctg. & collecting labor	1,568.00	2.3	5,012.00	2.0	
Computer billing	204.70	0.3	488.38	0.2	
General & admin. salaries	5,672.00	8.2	17,548.00	7.0	
Office supplies & expenses	1,226.76	1.8	2,982.83	1.2	
Insurance	115.71	0.2	3,786.24	1.5	
Employee Benefits	0.00	0.0	298.74	0.1	
Miscellaneous general exp	71.10	0.1	71.10	0.0	
Rents	800.00	1.2	2,400.00	1.0	
Transportation expense	4,208.23	6.1	8,376.83	3.4	
Interest - Meter deposits	334.01	0.5	1,001.93	0.4	
Interest - Other	35.00	0.1	448.86	0.2	
Interest - KISU	2,074.80	3.0	6,224.40	2.5	
Interest - ARG	0.00	0.0	49.41	0.0	
Depreciation	3,772.00	5.4	11,316.00	4.5	
Amort of organization costs	127.00	0.2	381.00	0.2	
Payroll tax expense	1,777.79	2.6	3,858.94	1.5	
Total Expenses	58,405.09	84.0	199,868.82	80.1	
Income from Operations	11,107.59	16.0	49,681.35	19.9	
Other Income					
Other income	0.00	0.0	820.85	0.3	
Amort of acquisition adjustment	909.00	1.3	2,727.00	1.1	
Interest income	57.47	0.1	167.23	0.1	
Total Other Income	966.47	1.4	3,715.08	1.5	

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE THREE MONTHS ENDED MARCH 31, 2001

	C U R R E N T P E R I O D		Y E A R T O	
	A m o u n t	P e r c e n t	A m o u n t	P e r c e n t
Other Expenses				
Nonutility deductions	154.25	0.2	462.75	0.2
Total Other Expenses	154.25	0.2	462.75	0.2
Net Income	\$ 11,919.81	17.1	\$ 52,933.68	21.2

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the three months ended month ended March 31, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ 11,919.81
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(57.47)
Changes in operating assets and liabilities	
Decrease in accounts receivable	5,368.59
Decrease in prepaid expenses	143.21
Decrease in accounts payable	(39,549.67)
Increase in other current liabilities	<u>125.29</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$(18,905.99)
INVESTING ACTIVITIES	
Purchase of plant materials	-
Interest income	<u>57.47</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ 57.47
FINANCING ACTIVITIES	
Prior period adjustment	<u>(129.44)</u>
NET CASH USED IN FINANCING ACTIVITIES	\$ (129.44)
DECREASE IN CASH AND CASH EQUIVALENTS	\$(18,977.96)
CASH, BEGINNING BALANCE	<u>\$127,662.95</u>
CASH, ENDING BALANCE	\$108,684.99
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 130.72

SIGMA GAS CORPORATION
BALANCE SHEET
FEBRUARY 28, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 100,615.05	
Cash in bank - CNB	27,047.90	
Customer accounts receivable	85,247.57	
	<hr/>	
Total Current Assets		\$ 212,910.52
Property, Plant and Equipment		
Utility Plant in Service	1,682,761.59	
Accumulated depreciation	(395,828.50)	
Gas plant acquisition adjustment	(194,577.80)	
	<hr/>	
Total Property Plant and Equipment		1,092,355.29
Other Assets		
Other deferred debits	2,586.35	
Other prepaid expenses	275.00	
Utility deposits	250.00	
Prepaid Insurance	578.50	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(15,751.50)	
	<hr/>	
Total Other Assets		53,522.35
TOTAL ASSETS		<hr/> <u>\$ 1,358,788.16</u>

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SIGMA GAS CORPORATION
BALANCE SHEET
FEBRUARY 28, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 94,652.39	
Notes payable	248,976.54	
Customer deposits	66,891.92	
Accrued interest	69,574.17	
Accrued taxes	7,221.58	
Accrued refund of penalties	5,118.55	
	<hr/>	
Total Current Liabilities		\$ 492,435.15
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,750,854.15
Capital		
Accum. adj. - WM. G. CONL	(180,291.32)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	18,456.24	
Accum. adj. - BARKLEY STU	(180,410.12)	
Current Earnings	18,456.24	
Accum. adj. - ESTILL B. B	(72,259.63)	
Current Earnings	4,101.39	
	<hr/>	
Total Capital		(392,065.99)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,358,788.16
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWO MONTHS ENDED FEBRUARY 28, 2001

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 66,801.08	95.0	\$ 172,787.93	96.0
Penalties	3,458.67	4.9	7,083.93	3.9
Temporary service charge	65.00	0.1	130.00	0.1
Sales tax commission	14.14	0.0	35.63	0.0
Total Revenue	70,338.89	100.0	180,037.49	100.0
Expenses				
Gas purchases	33,586.10	47.7	84,452.27	46.9
Supervision	3,300.00	4.7	4,400.00	2.4
Mains and service labor	1,670.00	2.4	3,730.00	2.1
Service supplies & expenses	396.08	0.6	1,618.61	0.9
Contract labor	200.00	0.3	300.00	0.2
Rents - Distr expense	245.00	0.3	245.00	0.1
Maintenance of meters	0.00	0.0	705.29	0.4
Meter reading labor	1,665.00	2.4	3,755.00	2.1
Acctg. & collecting labor	1,568.00	2.2	3,444.00	1.9
Computer billing	142.20	0.2	283.68	0.2
General & admin. salaries	6,772.00	9.6	11,876.00	6.6
Office supplies & expenses	885.90	1.3	1,756.07	1.0
Insurance	217.21	0.3	3,670.53	2.0
Employee Benefits	149.37	0.2	298.74	0.2
Rents	1,000.00	1.4	1,600.00	0.9
Transportation expense	1,852.01	2.6	4,168.60	2.3
Interest - Meter deposits	334.46	0.5	667.92	0.4
Interest - Other	204.53	0.3	413.86	0.2
Interest - KISU	2,074.80	2.9	4,149.60	2.3
Interest - ARG	14.82	0.0	49.41	0.0
Depreciation	3,772.00	5.4	7,544.00	4.2
Amort of organization costs	127.00	0.2	254.00	0.1
Payroll tax expense	1,145.58	1.6	2,081.15	1.2
Total Expenses	61,322.06	87.2	141,463.73	78.6
Income from Operations	9,016.83	12.8	38,573.76	21.4
Other Income				
Other income	0.00	0.0	820.85	0.5
Amort of acquisition adjustment	909.00	1.3	1,818.00	1.0
Interest income	51.16	0.1	109.76	0.1
Total Other Income	960.16	1.4	2,748.61	1.5

Other Expenses

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TWO MONTHS ENDED FEBRUARY 28, 2001

	C U R R E N T P E R I O D	Y E A R T O	D A T E
	Amount	Percent	Amount
			Percent
Nonutility deductions	154.25	0.2	308.50
	<u>154.25</u>	<u>0.2</u>	<u>308.50</u>
Total Other Expenses	<u>154.25</u>	<u>0.2</u>	<u>308.50</u>
Net Income	\$ 9,822.74	14.0	\$ 41,013.87
	<u><u>9,822.74</u></u>	<u><u>14.0</u></u>	<u><u>41,013.87</u></u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the two months ended month ended February 28, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ 9,822.74
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(51.16)
Changes in operating assets and liabilities	
Decrease in accounts receivable	32,615.32
Decrease in prepaid expenses	143.21
Increase in accounts payable	4,651.73
Decrease in other current liabilities	<u>(809.96)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$49,516.13
INVESTING ACTIVITIES	
Purchase of plant materials	-
Interest income	<u>51.16</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ 51.16
FINANCING ACTIVITIES	
Payment of note payable	\$ <u>(4,151.06)</u>
NET CASH USED IN FINANCING ACTIVITIES	(4,151.06)
DECREASE IN CASH AND CASH EQUIVALENTS	\$ 45,416.23
CASH, BEGINNING BALANCE	\$ <u>82,246.72</u>
CASH, ENDING BALANCE	\$127,662.95
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 2,822.22

SIGMA GAS CORPORATION
BALANCE SHEET
JANUARY 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$	55,749.98
Cash in bank - CNB		26,496.74
Customer accounts receivable		117,862.89
		<hr/>
Total Current Assets	\$	200,109.61
Property, Plant and Equipment		
Utility Plant in Service		1,682,761.59
Accumulated depreciation		(391,929.50)
Gas plant acquisition adjustment		(195,486.80)
		<hr/>
Total Property Plant and Equipment		1,095,345.29
Other Assets		
Other deferred debits		2,586.35
Other prepaid expenses		302.50
Utility deposits		250.00
Prepaid Insurance		694.21
Nonutility Plant		65,584.00
Accum depr - nonutility		(15,597.25)
		<hr/>
Total Other Assets		53,819.81
		<hr/>
TOTAL ASSETS	\$	<u>1,349,274.71</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JANUARY 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 90,000.66	
Notes payable	253,127.60	
Customer deposits	66,691.92	
Accrued interest	69,938.03	
Accrued taxes	7,867.68	
Accrued refund of penalties	5,118.55	
Total Current Liabilities		\$ 492,744.44
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,751,163.44
Capital		
Accum. adj. - WM. G. CONL	(180,291.32)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	14,036.01	
Accum. adj. - BARKLEY STU	(180,410.12)	
Current Earnings	14,036.01	
Accum. adj. - ESTILL B. B	(72,259.63)	
Current Earnings	3,119.11	
Total Capital		(401,888.73)
TOTAL LIABILITIES AND CAPITAL		\$ 1,349,274.71

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE ONE MONTH ENDED JANUARY 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 105,986.85	96.6	\$ 105,986.85	96.6		
Penalties	3,625.26	3.3	3,625.26	3.3		
Temporary service charge	65.00	0.1	65.00	0.1		
Sales tax commission	21.49	0.0	21.49	0.0		
Total Revenue	109,698.60	100.0	109,698.60	100.0		
Expenses						
Gas purchases	50,866.17	46.4	50,866.17	46.4		
Supervision	1,100.00	1.0	1,100.00	1.0		
Mains and service labor	2,060.00	1.9	2,060.00	1.9		
Service supplies & expenses	1,222.53	1.1	1,222.53	1.1		
Contract labor	100.00	0.1	100.00	0.1		
Maintenance of meters	705.29	0.6	705.29	0.6		
Meter reading labor	2,090.00	1.9	2,090.00	1.9		
Acctg. & collecting labor	1,876.00	1.7	1,876.00	1.7		
Computer billing	141.48	0.1	141.48	0.1		
General & admin. salaries	5,104.00	4.7	5,104.00	4.7		
Office supplies & expenses	870.17	0.8	870.17	0.8		
Insurance	3,453.32	3.1	3,453.32	3.1		
Employee Benefits	149.37	0.1	149.37	0.1		
Rents	600.00	0.5	600.00	0.5		
Transportation expense	2,316.59	2.1	2,316.59	2.1		
Interest - Meter deposits	333.46	0.3	333.46	0.3		
Interest - Other	209.33	0.2	209.33	0.2		
Interest - KISU	2,074.80	1.9	2,074.80	1.9		
Interest - ARG	34.59	0.0	34.59	0.0		
Depreciation	3,772.00	3.4	3,772.00	3.4		
Amort of organization costs	127.00	0.1	127.00	0.1		
Payroll tax expense	935.57	0.9	935.57	0.9		
Total Expenses	80,141.67	73.1	80,141.67	73.1		
Income from Operations	29,556.93	26.9	29,556.93	26.9		
Other Income						
Other income	820.85	0.7	820.85	0.7		
Amort of acquisition adjustment	909.00	0.8	909.00	0.8		
Interest income	58.60	0.1	58.60	0.1		
Total Other Income	1,788.45	1.6	1,788.45	1.6		
Other Expenses						
Nonutility deductions	154.25	0.1	154.25	0.1		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE ONE MONTH ENDED JANUARY 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Total Other Expenses	<u>154.25</u>	<u>0.1</u>	<u>154.25</u>	<u>0.1</u>		
Net Income	<u>\$ 31,191.13</u>	<u>28.4</u>	<u>\$ 31,191.13</u>	<u>28.4</u>		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the month ended January 31, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ 31,191.13
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(58.60)
Changes in operating assets and liabilities	
Increase in accounts receivable	(26,861.66)
Decrease in prepaid expenses	15,232.35
Increase in accounts payable	18,712.97
Increase in other current liabilities	<u>2,131.71</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$43,492.15
INVESTING ACTIVITIES	
Prior period adjustment	(263.98)
Purchase of plant materials	(831.02)
Interest income	<u>58.60</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(1,036.40)
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$ 42,455.75
CASH, BEGINNING BALANCE	<u>\$ 39,790.97</u>
CASH, ENDING BALANCE	\$ 82,246.72
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 1,958.66

SIGMA GAS CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

RECEIVED

JUL 24 2001

PUBLIC SERVICE
COMMISSION

(606) 349-1505

July 20, 2001

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-074

Dear Dorman:

Enclosed please find the financial statements of Sigma for April, May, and June 2001 in compliance with Case No. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the address or numbers listed above.

Yours truly,



Susan A. Crum

Enclosures

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2001

	January	February	March	April	May	June
ASSETS						
CURRENT ASSETS						
Cash in bank - checking	\$ 55,750	\$ 100,615	\$ 80,980	\$ 89,897	\$ 88,716	\$ 80,600
Cash in bank - CNB	26,497	27,048	27,705	27,964	28,224	28,380
Customer accounts receivable	117,863	85,248	79,879	46,566	31,550	31,124
TOTAL CURRENT ASSETS	200,110	212,911	188,564	164,427	148,490	140,104
PROPERTY AND EQUIPMENT						
Utility Plant in Service	1,682,761	1,682,761	1,682,761	1,684,485	1,688,479	1,689,105
Accumulated depreciation	(391,930)	(395,829)	(399,728)	(403,627)	(407,526)	(411,425)
Gas plant acquisition adjustment	(195,486)	(194,577)	(193,668)	(192,759)	(191,850)	(190,941)
TOTAL PROPERTY AND EQUIPMENT	1,095,345	1,092,355	1,089,365	1,088,099	1,089,103	1,086,739
OTHER ASSETS						
Other deferred debits	2,586	2,586	2,586	2,586	2,188	2,188
Other prepaid expenses	303	275	248	220	193	165
Utility deposits	250	250	250	250	250	250
Prepaid Insurance	694	579	463	347	231	116
Nonutility Plant	65,584	65,584	65,584	65,584	65,584	65,584
Accum depr - nonutility	(15,597)	(15,752)	(15,906)	(16,060)	(16,214)	(16,368)
TOTAL OTHER ASSETS	53,820	53,522	53,225	52,927	52,232	51,935
TOTAL ASSETS	\$1,349,275	\$1,358,788	\$1,331,154	\$1,305,453	\$1,289,825	\$1,278,778

See Accountant's Compilation Report

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2001

	January	February	March	April	May	June
LIABILITIES & SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Accounts payable - current	\$ 90,001	\$ 94,652	\$ 55,103	\$ 37,470	\$ 35,529	\$ 32,439
Notes payable	253,128	248,977	248,977	248,977	248,977	248,977
Customer deposits	66,692	66,892	66,802	65,902	65,202	64,602
Accrued interest	69,938	69,574	71,925	74,309	76,691	79,071
Accrued taxes	7,868	7,222	7,455	4,507	3,096	3,253
Accrued refund of penalties	5,117	5,118	2,749	2,396	1,853	1,853
TOTAL CURRENT LIABILITIES	492,744	492,435	453,011	433,561	431,348	430,195
LONG TERM LIABILITIES						
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LIABILITIES	1,751,163	1,750,854	1,711,430	1,691,980	1,689,767	1,688,614
SHAREHOLDERS' EQUITY						
Accum. adj. - WM. G. CONL	(180,291)	(180,291)	(180,349)	(181,171)	(181,171)	(181,171)
Distributions - WM. G. CO	(119)	(119)	(119)	(119)	(119)	(119)
Current Earnings	14,036	18,456	23,820	21,830	15,793	11,341
Accum. adj. - BARKLEY STU	(180,410)	(180,410)	(180,468)	(181,290)	(181,290)	(181,290)
Current Earnings	14,036	18,456	23,820	21,830	15,793	11,341
Accum. adj. - ESTILL B. B	(72,259)	(72,259)	(72,272)	(72,455)	(72,455)	(72,455)
Current Earnings	3,118	4,101	5,292	4,848	3,508	2,517
TOTAL SHAREHOLDERS' EQUITY	(401,889)	(392,066)	(380,276)	(386,527)	(399,941)	(409,836)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,349,274	\$1,358,788	\$1,331,154	\$1,305,453	\$1,289,826	\$1,278,778

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Six Months Ended June 30, 2001

	January	February	March	April	May	June	Year-to-Date
Revenue							
Gas sales	\$ 105,987	\$ 66,801	\$ 67,283	\$ 27,743	\$ 15,102	\$ 13,136	\$ 296,052
Collection fee	0	0	0	25	0	0	25
NSF charge	0	0	0	10	0	0	10
Penalties	3,625	3,459	2,151	2,015	1,165	618	13,033
Temporary service charge	65	65	65	325	0	0	520
Sales tax commission	21	14	13	7	4	4	64
Total revenue	109,698	70,339	69,512	30,125	16,271	13,758	309,704
Expenses							
Gas purchases	50,866	33,586	29,741	10,928	3,841	3,368	132,327
Supervision	1,100	3,300	2,200	1,100	0	0	7,700
Mains and service labor	2,060	1,670	2,090	1,600	1,695	1,620	10,735
Service supplies & expenses	1,223	396	197	450	1,013	267	3,547
Contract labor	100	200	150	150	410	150	1,160
Rents - Distr expense	0	245	0	0	0	0	245
Maintenance of meters	705	0	0	0	0	0	705
Meter reading labor	2,090	1,665	2,040	1,600	1,600	1,595	10,590
Acctg. & collecting labor	1,876	1,568	1,568	1,876	1,568	2,072	10,528
Computer billing	141	142	205	141	140	138	908
General & admin. salaries	5,104	6,772	5,672	5,104	3,472	2,968	29,092
Office supplies & expenses	870	887	1,228	1,169	1,773	1,155	7,082
Outside services employed	0	0	0	0	2,919	0	2,919
Insurance	3,453	217	116	116	116	116	4,133
Employee Benefits	149	149	0	341	170	170	980
Miscellaneous general exp	0	0	71	100	0	0	171
Transportation expense	600	1,000	800	800	800	800	4,800
Interest - Meter deposits	2,316	1,852	4,208	2,320	3,867	1,778	16,343
Interest - Other	333	334	334	330	326	323	1,980
Interest - KISU	209	205	35	402	176	235	1,262
Interest - ARG	2,075	2,075	2,075	2,075	2,075	2,075	12,449
Depreciation	35	15	0	0	0	0	49
Amort of organization costs	3,772	3,772	3,772	3,772	3,772	3,772	22,632
	127	127	127	127	127	127	762

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Six Months Ended June 30, 2001

	January	February	March	April	May	June	Year-to-Date
Payroll tax expense	936	1,146	1,778	863	638	858	6,217
Public Serv Comm Assessment	0	0	0	0	0	876	876
Total expenses	80,140	61,323	58,407	35,364	30,498	24,463	290,192
Income from operations	29,558	9,016	11,105	(5,239)	(14,227)	(10,705)	19,512
Other income	821	0	0	0	0	0	821
Amort of acquisition adjustment	909	909	909	909	909	909	5,454
Interest income	59	51	57	59	60	56	342
Total other income	1,789	960	966	968	969	965	6,617
Other expenses	156	153	153	153	156	154	928
Nonutility deductions	156	153	153	153	156	154	928
Total other expenses	312	306	306	306	312	308	1,858
Net income	\$ 31,191	\$ 9,823	\$ 11,918	\$ (4,424)	\$ (13,414)	\$ (9,894)	\$ 25,201

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SIGMA GAS CORPORATION
BALANCE SHEET
JUNE 30, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 80,599.61	
Cash in bank - CNB	28,380.21	
Customer accounts receivable	31,124.63	
	<hr/>	
Total Current Assets		\$ 140,104.45
Property, Plant and Equipment		
Utility Plant in Service	1,689,105.52	
Accumulated depreciation	(411,424.50)	
Gas plant acquisition adjustment	(190,941.80)	
	<hr/>	
Total Property Plant and Equipment		1,086,739.22
Other Assets		
Other deferred debits	2,188.45	
Other prepaid expenses	165.00	
Utility deposits	250.00	
Prepaid Insurance	115.66	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(16,368.50)	
	<hr/>	
Total Other Assets		51,934.61
TOTAL ASSETS		<hr/> <hr/> \$ 1,278,778.28

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JUNE 30, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 32,439.25	
Notes payable	248,976.54	
Customer deposits	64,601.92	
Accrued interest	79,070.98	
Accrued taxes	3,252.42	
Accrued refund of penalties	1,853.84	
	<hr/>	
Total Current Liabilities		\$ 430,194.95
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,688,613.95
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	11,340.13	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	11,340.13	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	2,520.03	
	<hr/>	
Total Capital		(409,835.67)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,278,778.28
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2001

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent		
Revenue				
Gas sales	\$ 13,135.95	95.5	\$ 296,051.81	95.6
Collection fee	0.00	0.0	25.00	0.0
NSF charge	0.00	0.0	10.00	0.0
Penalties	617.72	4.5	13,032.62	4.2
Temporary service charge	0.00	0.0	520.00	0.2
Sales tax commission	4.08	0.0	64.42	0.0
Total Revenue	13,757.75	100.0	309,703.85	100.0
Expenses				
Gas purchases	3,367.58	24.5	132,327.79	42.7
Supervision	0.00	0.0	7,700.00	2.5
Mains and service labor	1,620.00	11.8	10,735.00	3.5
Service supplies & expenses	267.23	1.9	3,546.91	1.1
Contract labor	150.00	1.1	1,160.00	0.4
Rents - Distr expense	0.00	0.0	245.00	0.1
Maintenance of meters	0.00	0.0	705.29	0.2
Meter reading labor	1,595.00	11.6	10,590.00	3.4
Acctg. & collecting labor	2,072.00	15.1	10,528.00	3.4
Computer billing	138.06	1.0	907.60	0.3
General & admin. salaries	2,968.00	21.6	29,092.00	9.4
Office supplies & expenses	1,155.59	8.4	7,082.36	2.3
Outside services employed	0.00	0.0	2,919.37	0.9
Insurance	115.71	0.8	4,133.37	1.3
Employee Benefits	170.42	1.2	980.42	0.3
Miscellaneous general exp	0.00	0.0	171.10	0.1
Rents	800.00	5.8	4,800.00	1.5
Transportation expense	1,778.22	12.9	16,342.90	5.3
Interest - Meter deposits	323.01	2.3	1,980.46	0.6
Interest - Other	234.63	1.7	1,261.74	0.4
Interest - KISU	2,074.80	15.1	12,448.80	4.0
Interest - ARG	0.00	0.0	49.41	0.0
Depreciation	3,772.00	27.4	22,632.00	7.3
Amort of organization costs	127.00	0.9	762.00	0.2
Payroll tax expense	857.51	6.2	6,216.99	2.0
Public Serv Comm Assessment	876.47	6.4	876.47	0.3
Total Expenses	24,463.23	177.8	290,194.98	93.7
Income from Operations	(10,705.48)	(77.8)	19,508.87	6.3
Other Income				
Other income	0.00	0.0	820.85	0.3
Amort of acquisition adjustment	909.00	6.6	5,454.00	1.8
Interest income	56.17	0.4	342.07	0.1

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE SIX MONTHS ENDED JUNE 30, 2001

	C U R R E N T P E R I O D Amount	P E R I O D Percent	Y E A R T O Amount	D A T E Percent
Total Other Income	965.17	7.0	6,616.92	2.1
Other Expenses				
Nonutility deductions	154.25	1.1	925.50	0.3
Total Other Expenses	154.25	1.1	925.50	0.3
Net Income	\$ (9,894.56)	(71.9)	\$ 25,200.29	8.1

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the six months ended month ended June 30, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (9,894.56)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(56.17)
Changes in operating assets and liabilities	
Decrease in accounts receivable	426.05
Decrease in prepaid expenses and deferred debits	143.21
Decrease in accounts payable	(3,089.52)
Increase in other current liabilities	<u>1,936.46</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ (7,390.28)
INVESTING ACTIVITIES	
Purchase of plant	(625.82)
Interest income	<u>56.17</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (569.65)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (7,959.93)
CASH, BEGINNING BALANCE	<u>\$116,939.75</u>
CASH, ENDING BALANCE	\$108,979.82
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 18.48

SIGMA GAS CORPORATION
BALANCE SHEET
MAY 31, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 88,715.71	
Cash in bank - CNB	28,224.04	
Customer accounts receivable	31,550.68	
	<hr/>	
Total Current Assets		\$ 148,490.43
Property, Plant and Equipment		
Utility Plant in Service	1,688,479.70	
Accumulated depreciation	(407,525.50)	
Gas plant acquisition adjustment	(191,850.80)	
	<hr/>	
Total Property Plant and Equipment		1,089,103.40
Other Assets		
Other deferred debits	2,188.45	
Other prepaid expenses	192.50	
Utility deposits	250.00	
Prepaid Insurance	231.37	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(16,214.25)	
	<hr/>	
Total Other Assets		52,232.07
		<hr/>
TOTAL ASSETS		\$ 1,289,825.90
		<hr/> <hr/>

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SIGMA GAS CORPORATION
BALANCE SHEET
MAY 31, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	35,528.77
Notes payable		248,976.54
Customer deposits		65,201.92
Accrued interest		76,691.65
Accrued taxes		3,095.29
Accrued refund of penalties		1,853.84
		<hr/>
Total Current Liabilities	\$	431,348.01
Long Term Liabilities		
Note payable - DLG		1,258,419.00
		<hr/>
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,689,767.01
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	15,792.68	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	15,792.68	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	3,509.49	
	<hr/>	
Total Capital		(399,941.11)
		<hr/>
TOTAL LIABILITIES AND CAPITAL	\$	<u>1,289,825.90</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FIVE MONTHS ENDED MAY 31, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 15,101.53	92.8	\$ 282,915.86	95.6		
Collection fee	0.00	0.0	25.00	0.0		
NSF charge	0.00	0.0	10.00	0.0		
Penalties	1,164.91	7.2	12,414.90	4.2		
Temporary service charge	0.00	0.0	520.00	0.2		
Sales tax commission	4.46	0.0	60.34	0.0		
Total Revenue	16,270.90	100.0	295,946.10	100.0		
Expenses						
Gas purchases	3,840.28	23.6	128,960.21	43.6		
Supervision	0.00	0.0	7,700.00	2.6		
Mains and service labor	1,695.00	10.4	9,115.00	3.1		
Service supplies & expenses	1,013.44	6.2	3,279.68	1.1		
Contract labor	410.00	2.5	1,010.00	0.3		
Rents - Distr expense	0.00	0.0	245.00	0.1		
Maintenance of meters	0.00	0.0	705.29	0.2		
Meter reading labor	1,600.00	9.8	8,995.00	3.0		
Acctg. & collecting labor	1,568.00	9.6	8,456.00	2.9		
Computer billing	139.68	0.9	769.54	0.3		
General & admin. salaries	3,472.00	21.3	26,124.00	8.8		
Office supplies & expenses	1,774.56	10.9	5,926.77	2.0		
Outside services employed	2,919.37	17.9	2,919.37	1.0		
Insurance	115.71	0.7	4,017.66	1.4		
Employee Benefits	170.42	1.0	810.00	0.3		
Miscellaneous general exp	0.00	0.0	171.10	0.1		
Rents	800.00	4.9	4,000.00	1.4		
Transportation expense	3,867.63	23.8	14,564.68	4.9		
Interest - Meter deposits	326.01	2.0	1,657.45	0.6		
Interest - Other	176.20	1.1	1,027.11	0.3		
Interest - KISU	2,074.80	12.8	10,374.00	3.5		
Interest - ARG	0.00	0.0	49.41	0.0		
Depreciation	3,772.00	23.2	18,860.00	6.4		
Amort of organization costs	127.00	0.8	635.00	0.2		
Payroll tax expense	637.62	3.9	5,359.48	1.8		
Total Expenses	30,499.72	187.4	265,731.75	89.8		
Income from Operations	(14,228.82)	(87.4)	30,214.35	10.2		
Other Income						
Other income	0.00	0.0	820.85	0.3		
Amort of acquisition adjustment	909.00	5.6	4,545.00	1.5		
Interest income	59.67	0.4	285.90	0.1		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE FIVE MONTHS ENDED MAY 31, 2001

	C U R R E N T P E R I O D Amount	P E R I O D Percent	Y E A R T O Amount	D A T E Percent
Total Other Income	968.67	6.0	5,651.75	1.9
Other Expenses				
Nonutility deductions	154.25	0.9	771.25	0.3
Total Other Expenses	154.25	0.9	771.25	0.3
Net Income	\$ (13,414.40)	(82.4)	\$ 35,094.85	11.9

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the five months ended month ended May 31, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (13,414.40)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(59.67)
Changes in operating assets and liabilities	
Decrease in accounts receivable	15,014.49
Decrease in prepaid expenses and deferred debits	541.11
Decrease in accounts payable	(1,941.31)
Decrease in other current liabilities	<u>(271.59)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ 3,012.88
INVESTING ACTIVITIES	
Purchase of equipment	(3,994.36)
Interest income	<u>59.67</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (3,934.69)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
NET CASH USED IN FINANCING ACTIVITIES	\$ -
DECREASE IN CASH AND CASH EQUIVALENTS	\$ (921.81)
CASH, BEGINNING BALANCE	<u>\$117,861.56</u>
CASH, ENDING BALANCE	\$116,939.75
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 18.27

SIGMA GAS CORPORATION
BALANCE SHEET
APRIL 30, 2001

ASSETS

Current Assets		
Cash in bank - checking	\$ 89,897.19	
Cash in bank - CNB	27,964.37	
Customer accounts receivable	46,565.17	
	<hr/>	
Total Current Assets		\$ 164,426.73
Property, Plant and Equipment		
Utility Plant in Service	1,684,485.34	
Accumulated depreciation	(403,626.50)	
Gas plant acquisition adjustment	(192,759.80)	
	<hr/>	
Total Property Plant and Equipment		1,088,099.04
Other Assets		
Other deferred debits	2,586.35	
Other prepaid expenses	220.00	
Utility deposits	250.00	
Prepaid Insurance	347.08	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(16,060.00)	
	<hr/>	
Total Other Assets		52,927.43
		<hr/>
TOTAL ASSETS		\$ 1,305,453.20
		<hr/> <hr/>

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SIGMA GAS CORPORATION
BALANCE SHEET
APRIL 30, 2001

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 37,470.08	
Notes payable	248,976.54	
Customer deposits	65,901.92	
Accrued interest	74,309.11	
Accrued taxes	4,506.31	
Accrued refund of penalties	2,396.95	
Total Current Liabilities		\$ 433,560.91
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,691,979.91
Capital		
Accum. adj. - WM. G. CONL	(181,171.56)	
Distributions - WM. G. CO	(118.79)	
Current Earnings	21,829.17	
Accum. adj. - BARKLEY STU	(181,290.37)	
Current Earnings	21,829.17	
Accum. adj. - ESTILL B. B	(72,455.24)	
Current Earnings	4,850.91	
Total Capital		(386,526.71)
TOTAL LIABILITIES AND CAPITAL		\$ 1,305,453.20

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FOUR MONTHS ENDED APRIL 30, 2001

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 27,743.35	92.1	\$ 267,814.33	95.8		
Collection fee	25.00	0.1	25.00	0.0		
NSF charge	10.00	0.0	10.00	0.0		
Penalties	2,014.83	6.7	11,249.99	4.0		
Temporary service charge	325.00	1.1	520.00	0.2		
Sales tax commission	6.85	0.0	55.88	0.0		
Total Revenue	30,125.03	100.0	279,675.20	100.0		
Expenses						
Gas purchases	10,926.93	36.3	125,119.93	44.7		
Supervision	1,100.00	3.7	7,700.00	2.8		
Mains and service labor	1,600.00	5.3	7,420.00	2.7		
Service supplies & expenses	450.37	1.5	2,266.24	0.8		
Contract labor	150.00	0.5	600.00	0.2		
Rents - Distr expense	0.00	0.0	245.00	0.1		
Maintenance of meters	0.00	0.0	705.29	0.3		
Meter reading labor	1,600.00	5.3	7,395.00	2.6		
Acctg. & collecting labor	1,876.00	6.2	6,888.00	2.5		
Computer billing	141.48	0.5	629.86	0.2		
General & admin. salaries	5,104.00	16.9	22,652.00	8.1		
Office supplies & expenses	1,169.38	3.9	4,152.21	1.5		
Insurance	115.71	0.4	3,901.95	1.4		
Employee Benefits	340.84	1.1	639.58	0.2		
Miscellaneous general exp	100.00	0.3	171.10	0.1		
Rents	800.00	2.7	3,200.00	1.1		
Transportation expense	2,320.22	7.7	10,697.05	3.8		
Interest - Meter deposits	329.51	1.1	1,331.44	0.5		
Interest - Other	402.05	1.3	850.91	0.3		
Interest - KISU	2,074.80	6.9	8,299.20	3.0		
Interest - ARG	0.00	0.0	49.41	0.0		
Depreciation	3,772.00	12.5	15,088.00	5.4		
Amort of organization costs	127.00	0.4	508.00	0.2		
Payroll tax expense	862.92	2.9	4,721.86	1.7		
Total Expenses	35,363.21	117.4	235,232.03	84.1		
Income from Operations	(5,238.18)	(17.4)	44,443.17	15.9		
Other Income						
Other income	0.00	0.0	820.85	0.3		
Amort of acquisition adjustment	909.00	3.0	3,636.00	1.3		
Interest income	59.00	0.2	226.23	0.1		
Total Other Income	968.00	3.2	4,683.08	1.7		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE FOUR MONTHS ENDED APRIL 30, 2001

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Other Expenses				
Nonutility deductions	154.25	0.5	617.00	0.2
Total Other Expenses	154.25	0.5	617.00	0.2
Net Income	\$ (4,424.43)	(14.7)	\$ 48,509.25	17.3

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the four months ended month ended April 30, 2001

	<u>2001</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$ (4,424.43)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,144.25
Interest income	(59.00)
Changes in operating assets and liabilities	
Decrease in accounts receivable	33,313.81
Decrease in prepaid expenses	143.21
Decrease in accounts payable	(17,632.64)
Decrease in other current liabilities	<u>(1,817.22)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$ 12,667.98
INVESTING ACTIVITIES	
Purchase of equipment	(1,723.75)
Interest income	<u>59.00</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (1,664.75)
FINANCING ACTIVITIES	
FINANCING ACTIVITIES	
Prior period adjustment	\$ <u>(1,826.66)</u>
NET CASH USED IN FINANCING ACTIVITIES	\$ (1,826.66)
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 9,176.57
CASH, BEGINNING BALANCE	<u>\$108,684.99</u>
CASH, ENDING BALANCE	\$117,861.56
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 20.38

IN THE MATTER OF THE PETITION OF SIGMA GAS CORPORATION FOR
APPROVAL OF FINANCING

SEQ NBR	ENTRY DATE	REMARKS
0001	03/02/1999	Application.
0002	03/04/1999	Acknowledgement letter.
0003	03/31/1999	Def. letter, info due 4/15
M0001	04/09/1999	SIGMA GAS JOHN HUGHES-RESPONSE TO ORDER OF MARCH 31,99
0004	04/21/1999	Second filing deficiencies letter; response due 5/3/99.
M0002	04/27/1999	SIGMA GAS JOHN HUGHES-RESPONSE TO ORDER OF APRIL 21,99, AFFIDAVIT, FINANCING EXPENSES
0005	04/30/1999	Deficiency cured letter.
0006	05/17/1999	Data Request Order; response due 6/1/99.
M0003	05/26/1999	JOHN HUGHES SIGMA GAS-RESPONSE TO ORDER OF MAY 17,99
0007	06/22/1999	Data Request Order; info due 7/12; extends financing 60 days
M0004	07/12/1999	JOHN N. HUGHES/SIGMA GAS CORP.-SIGMA RESPONSE TO ORDER OF 6/22/99.
0008	07/28/1999	Data Request Order; response due 8/9
M0005	08/06/1999	JOHN HUGHES SIGMA GAS-RESPONSE TO ORDER OF JULY 28,99
M0006	08/11/1999	JOHN HUGHES SIGMA GAS-SUPPLEMENTAL RESPONSE TO ORDER OF JULY 28,99
0009	10/01/1999	FINAL ORDER; AUTHORIZED TO BORROW \$1,258,419 FROM DLG FOR A 30-YEAR PERIOD
M0007	10/08/1999	JOHN HUGHES SIGMA GAS-RESPONSE TO ORDER OF OCT 1,99 PAYMENT TO VENDORS
M0008	10/11/1999	ESTILL BRANHAM SIGMA GAS-FINANCIAL STATEMENTS ENDING MONTH OF AUG 31,99 ALSO COMPETITIVE
0010	10/22/1999	Order approving priority disbursement schedule
M0009	11/09/1999	SUSAN CRUM SIGMA GAS CORP0-FINANCIAL STATEMENTS FOR NINE MONTHS ENDED SEPT 30,99 & MONTH OF
M0010	11/29/1999	SIGMA GAS ESTILL BRANHAM-NOTICE THAT SIGMA WILL PROVIDE PROGRESS REPORT WITHIN 60 DAYS
M0011	12/01/1999	ESTILL BRANHAM SIGMA GAS-LETTER STATING THAT PROGRESS REPORT WILL BE FILED WITHIN 60 DAYS
M0012	02/01/2000	ESTILL BRANHAM SIGMA GAS-FINANCIAL STATEMENTS FOR MONTH OF OCT 31,99
M0013	03/02/2000	ESTILL BRANHAM SIGMA GAS-COMPLIANCE TO PAGE 14 NO4 SUPPORT FOR RELATED PARTY TRANSACTION
M0014	03/02/2000	ESTILL BRANHAM SIGMA GAS-COMPLIANCE WITH PAGE 13, NO3 MAINTENANCE OF APPROPRIATE ACCOUNTING &
0011	03/14/2000	First Reminder to Estill Branham re: quarterly reports(1st one due 1/30/2000).
M0015	03/30/2000	SIGMA GAS-QUARTERLY REPORT IN RESPONSE TO ORDER OF OCT 1,99
M0016	04/07/2000	SIGMA GAS-RESPONSE TO ORDER, QUARTERLY REPORTS
M0017	04/24/2000	SIGMA GAS ESTILL BRANHAM-2000 FINANCIAL STATEMENT
M0018	07/20/2000	ESTILL BRANHAM SIGMA GAS-FINANCIAL STATEMENTS & COMPARATIVE FINANCIAL STATEMENTS
M0019	12/05/2000	SUSAN CRUM/SIGMA GAS CORPORATION-FINANCIAL STATEMENTS
M0020	02/02/2001	ESTILL BRANHAM SIGMA GAS-FINANCIAL STATEMENTS FROM OCT, NOV & DEC 2000
M0021	04/27/2001	SUSAN CRUM-FINANCIAL STATEMENT



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Ronald B. McCloud, Secretary
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Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

Paul E. Patton
Governor

March 14, 2000

Mr. Estill Branham
President
Sigma Gas Corporation
P.O. Box 22
Salysersville, KY 41465

Re: Case No. 1999-074
First Reminder Letter

RECEIVED
MAR 30 2000
PUBLIC SERVICE
COMMISSION

Dear Mr. Branham:

The Commission entered its Final Order in this case on October 1, 1999. Among other things, the Commission ordered Sigma Gas to file quarterly reports with the first one due January 30, 2000, which was not received. This must be filed to fully comply with the Commission's Order. Please make this filing referencing the case number 1999-074, not later than 15 days from the date of this letter.

If you have questions concerning this letter, please contact Howell Brady, Principal Assistant to the Executive Director at 502-564-3940, extension 265. Otherwise, please mail the required filing to Martin J. Huelsmann, Executive Director, Public Service Commission, 211 Sower Blvd., Post Office Box 615, Frankfort, Kentucky 40602.

Sincerely,

Stephanie Bell
Secretary to the Commission

SB/lc

C: Honorable John N. Hughes



SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 1999

ASSETS

Current Assets		
Cash in bank - checking	\$	20,756.22
Cash in bank - CNB		15,177.36
Customer accounts receivable		70,862.75
Accounts receivable - GEI		23,924.37
Accounts receivable-other		3,926.70
		<hr/>
Total Current Assets	\$	134,647.40
Property, Plant and Equipment		
Mains		1,596,689.03
Compressor station equipment		14,580.00
Meters		53,676.40
Meter installation		10,502.00
Office furniture & equipment		3,768.82
Power operated equipment		12,704.42
Organization costs		38,045.00
Accumulated depreciation		(348,631.52)
Gas plant acquisition adjustment		(272,751.80)
Gas plant acquisition amortization		65,448.00
		<hr/>
Total Property Plant and Equipment		1,174,030.35
Other Assets		
Utility deposits		1,753.89
Prepaid gas costs		15,562.68
		<hr/>
Total Other Assets		17,316.57
		<hr/>
TOTAL ASSETS	\$	<u>1,325,994.32</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 1999

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 346,286.34	
Customer deposits	64,284.00	
Accrued interest-deposits	10,272.55	
FICA	5,986.97	
Federal withholding	8,546.00	
Kentucky withholding	2,505.80	
SUI/FUTA	116.89	
Medicare	1,400.18	
School tax	1,837.44	
Sales tax	679.49	
Accrued refund of penalties	17,353.72	
Total Current Liabilities		\$ 459,269.38
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Note payable - ARG	12,324.56	
Total Long Term Liabilities		1,270,743.56
Total Liabilities		1,730,012.94
Capital		
Accum. adj. - WM. G. CONL	(197,212.15)	
Current Earnings	26,783.27	
Accum. adj. - BARKLEY STU	(197,212.15)	
Current Earnings	26,783.27	
Accum. adj. - ESTILL B. B	(69,112.75)	
Current Earnings	5,951.89	
Total Capital		(404,018.62)
TOTAL LIABILITIES AND CAPITAL		\$ 1,325,994.32

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 66,116.52	98.3	\$ 380,900.83	98.9
Transfer fees	70.00	0.1	70.00	0.0
Reconnect fees	0.00	0.0	35.00	0.0
Penalties	1,040.88	1.5	3,847.02	1.0
Temporary service charge	15.00	0.0	30.00	0.0
Sales tax commission	12.11	0.0	82.41	0.0
Total Revenue	67,254.51	100.0	384,965.26	100.0
Expenses				
Gas purchases	30,222.01	44.9	156,440.93	40.6
Compressor station power	(80.41)	(0.1)	278.77	0.1
Supervision	1,000.00	1.5	9,750.00	2.5
Mains and service labor	1,000.00	1.5	13,604.48	3.5
Service supplies & expenses	406.25	0.6	4,141.04	1.1
Contract labor	564.00	0.8	5,147.50	1.3
Maintenance of meters	132.36	0.2	2,266.43	0.6
Meter reading labor	992.00	1.5	13,832.52	3.6
Acctg. & collecting labor	2,395.00	3.6	22,745.00	5.9
Computer billing	134.28	0.2	2,022.07	0.5
Uncollectable accounts	4,014.47	6.0	4,014.47	1.0
General & admin. salaries	3,395.00	5.0	34,230.00	8.9
Office supplies & expenses	1,735.91	2.6	10,654.09	2.8
Outside services employed	538.55	0.8	23,362.74	6.1
Insurance	1,235.26	1.8	6,701.83	1.7
Employee Benefits	389.36	0.6	1,573.56	0.4
Miscellaneous general exp	382.39	0.6	1,725.51	0.4
Rents	100.00	0.1	7,325.00	1.9
Transportation expense	5,175.12	7.7	26,110.18	6.8
Interest - Bank Josephine	231.50	0.3	11,087.07	2.9
Interest - Meter deposits	843.26	1.3	3,437.54	0.9
Interest - Other	35.00	0.1	1,323.37	0.3
Interest - Commer Trust	0.00	0.0	3,053.75	0.8
Interest - KISU	3,766.93	5.6	41,458.40	10.8
Interest - ARG	(598.00)	(0.9)	9,965.36	2.6
Interest - DLG	29,458.32	43.8	29,458.32	7.7
Depreciation	3,481.63	5.2	44,487.65	11.6
Amort of organization costs	127.00	0.2	1,524.00	0.4
Amortization of loan cost	0.00	0.0	1,356.68	0.4
Payroll tax expense	3,810.35	5.7	11,582.47	3.0
Public Serv Comm Assessment	0.00	0.0	2,307.68	0.6
Taxes other than income	12,706.10	18.9	12,721.10	3.3
Public Serv Company Assess	0.00	0.0	449.41	0.1
Total Expenses	107,593.64	160.0	520,138.92	135.1
Income from Operations	(40,339.13)	(60.0)	(135,173.66)	(35.1)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Other Income				
Other income	1,792.97	2.7	2,703.77	0.7
Transfer fees	(35.00)	(0.1)	0.00	0.0
Amort of acquisition adjustment	909.00	1.4	10,908.00	2.8
Interest income	31.06	0.0	97.86	0.0
Gain on early extinguishment of debt	182,881.09	271.9	182,881.09	47.5
Total Other Income	<u>185,579.12</u>	<u>275.9</u>	<u>196,590.72</u>	<u>51.1</u>
Other Expenses				
Loss on disposition	1,898.63	2.8	1,898.63	0.5
Total Other Expenses	<u>1,898.63</u>	<u>2.8</u>	<u>1,898.63</u>	<u>0.5</u>
Net Income	<u>\$ 143,341.36</u>	<u>213.1</u>	<u>\$ 59,518.43</u>	<u>15.5</u>

See Accountant's Compilation Report



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Regulation Cabinet

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Executive Director
Public Service Commission

Paul E. Patton
Governor

March 14, 2000

Mr. Estill Branham
President
Sigma Gas Corporation
P.O. Box 22
Salysersville, KY 41465

Re: Case No. 1999-074
First Reminder Letter

Dear Mr. Branham:

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If you have questions concerning this letter, please contact Howell Brady, Principal Assistant to the Executive Director at 502-564-3940, extension 265. Otherwise, please mail the required filing to Martin J. Huelsmann, Executive Director, Public Service Commission, 211 Sower Blvd., Post Office Box 615, Frankfort, Kentucky 40602.

Sincerely,

A handwritten signature in black ink that reads "Stephanie D. Bell".

Stephanie Bell
Secretary to the Commission

SB/lc

C: Honorable John N. Hughes





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March 14, 2000

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Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary to the Commission

SB/lc

C: Honorable John N. Hughes



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SIGMA GAS CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

MAR 2 2000

PUBLIC SERVICE
COMMISSION

Phone 606-349-1505
Facsimile 606-886-2315

Directors
Estill Branham
Barkley Sturgill
Estate of Wm. G. Conley

February 29, 2000

Martin Huelsmann
Executive Director
Public Service Commission
P O Box 615
Frankfort, Kentucky 40602

Re: Case No. 99-074

Dear Mr. Huelsmann:

I am writing in compliance with Case No. 99-074, page 13, No. 3 Maintenance of Appropriate Accounting and Financial Records. Sigma is currently working on a plan to maintain accurate plant records that will meet Commission standards. We are still in contact with Beverly Davis and the audit staff of the Commission working on this matter.

Sigma's goal is to complete this project within 60 days. Sigma hopes to forward to the Commission the final draft at that time.

Yours truly,



Estill Branham,
President

EBB/sc

SIGMA GAS CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

Directors
Estill Branham
Barkley Sturgill
Estate of Wm. G. Conley

Phone 606-345-1105
Facsimile 606-886-0012

mcgeek
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MAR 2 2000
PUBLIC SERVICE
COMMISSION

February 29, 2000

Martin Huelsmann
Executive Director
Public Service Commission
P O Box 615
Frankfort, Kentucky 40602

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MAR 6 2000

PSC
FINANCIAL ANALYSIS

Re: Case No. 99-074

Dear Mr. Huelsmann:

I am writing in compliance with Case No. 99-074, page 14, No. 4 Support for Related Party Transactions. Sigma is currently working on a plan to establish an operating and accounting system that will meet the affiliate transaction standards required by the Commission. We are still in contact with Beverly Davis and the audit staff of the Commission working on this matter.

Sigma's goal is to complete this project within 60 days. Sigma hopes to forward to the Commission the final draft at that time.

Yours truly,

Estill Branham

Estill Branham,
President

EBB/sc



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APR - 7 2000

PUBLIC SERVICE
COMMISSION

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

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Paul E. Patton
Governor

March 14, 2000

Mr. Estill Branham
President
Sigma Gas Corporation
P.O. Box 22
Salyersville, KY 41465

Re: Case No. 1999-074
First Reminder Letter

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Sincerely,

Stephanie Bell
Secretary to the Commission

SB/lc

C: Honorable John N. Hughes



AN EQUAL OPPORTUNITY EMPLOYER M/F/D

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET

1999

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV
ASSETS											
CURRENT ASSETS											
Cash in bank - checking	21,049	33,753	51,199	61,833	68,860	53,861	40,896	33,871	26,903	15,002	6,861
Cash in bank - CNB	-	-	-	-	-	-	-	7,506	8,821	12,119	14,046
Customer accs rec	76,544	70,191	72,791	43,241	27,909	27,462	26,592	24,546	24,639	33,426	48,390
Accs rec - GEI	23,925	23,924	23,924	23,924	23,925	23,924	23,925	23,925	23,925	23,924	23,924
Accs rec - other	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURR ASSETS	121,518	127,868	147,914	128,998	120,694	105,247	91,413	89,848	84,288	84,471	93,221
PROPERTY AND EQUIP											
Mains	1,591,312	1,591,496	1,591,496	1,591,496	1,591,665	1,591,825	1,593,435	1,594,055	1,594,727	1,597,045	1,597,576
Compressor station equip	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580
Meters	41,474	41,474	41,474	53,056	53,056	53,056	53,056	53,056	53,056	53,056	53,056
Meter installation	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544
Office furniture & equip	1,375	1,375	1,375	1,375	2,661	2,661	2,661	2,661	2,661	2,661	4,154
Power operated equip	14,470	14,470	14,470	14,470	14,945	15,847	15,900	15,900	15,900	17,600	17,600
Organization costs	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045
Accumulated depr	(307,490)	(311,296)	(315,104)	(318,938)	(322,804)	(326,680)	(330,556)	(334,433)	(338,310)	(342,192)	(346,084)
Gas plant acq adj	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)
Gas plant acq amort	55,450	56,358	57,268	58,176	59,086	59,994	60,903	61,812	62,721	63,630	64,539
TOTAL PROP AND EQUIP	1,190,008	1,187,294	1,184,396	1,193,052	1,192,026	1,190,120	1,188,816	1,186,468	1,184,172	1,185,217	1,184,258
OTHER ASSETS											
Loan costs	1,018	848	678	509	339	170	-	-	-	-	-
Utility deposits	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754
Prepaid gas costs	-	-	-	-	-	-	2,070	4,089	6,454	12,727	15,563
TOTAL OTHER ASSETS	2,772	2,602	2,432	2,263	2,093	1,924	3,824	5,843	8,208	14,481	17,317
TOTAL ASSETS	<u>1,314,298</u>	<u>1,317,764</u>	<u>1,334,742</u>	<u>1,324,313</u>	<u>1,314,813</u>	<u>1,297,291</u>	<u>1,284,053</u>	<u>1,282,159</u>	<u>1,276,668</u>	<u>1,284,169</u>	<u>1,294,796</u>

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

DEC

CURRENT ASSETS

Cash in bank - checking	20,756
Cash in bank - CNB	15,177
Customer accts rec	70,863
Accts rec - GEI	-
Accts rec - other	-
	-

TOTAL CURR ASSETS

106,796

PROPERTY AND EQUIP

Mains	1,596,689
Compressor station equip	14,580
Meters	53,676
Meter installation	10,502
Office furniture & equip	3,769
Power operated equip	12,704
Organization costs	38,045
Accumulated depr	(348,631)
Gas plant acq adj	(272,752)
Gas plant acq amort	65,448
	65,448

TOTAL PROP AND EQUIP

1,174,030

OTHER ASSETS

Loan costs	-
Utility deposits	1,754
Prepaid gas costs	15,563
	17,317

TOTAL OTHER ASSETS

17,317

TOTAL ASSETS

1,298,143

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
LIABILITIES AND SHAREHOLDERS' EQUITY											
CURRENT LIABILITIES											
Accounts payable - current	466,058	455,407	459,701	455,960	456,987	454,662	486,574	490,282	494,330	509,562	522,085
Accrued salaries	33,500	36,500	38,000	39,500	41,000	41,000	39,500	39,500	39,500	39,500	39,500
Customer deposits	54,584	54,384	54,084	53,884	53,284	52,484	52,184	59,484	60,484	63,384	64,984
Accrued interest - deposits	7,163	7,434	7,705	7,974	8,241	8,503	8,242	8,540	8,828	9,115	9,435
Accrued payroll taxes	1,694	1,626	2,019	1,708	1,690	4,283	2,379	2,349	2,620	2,541	3,131
Accrued school tax	1,889	1,635	1,683	652	340	337	287	304	333	566	1,001
Accrued sales tax	737	654	708	306	188	217	194	206	186	212	338
Loan from shareholder - EB	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Accrued refund of penalties	-	-	-	-	-	-	-	-	-	20,691	19,534
TOTAL CURRENT LIAB	578,625	570,640	576,900	572,984	574,730	574,486	602,360	613,665	619,281	658,571	673,008

LONG TERM LIABILITIES											
N/P - The Bank Josephine	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Note payable - DLG	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013
Note payable - ARG	42,000	42,000	42,000	42,000	42,000	42,000	49,955	50,624	51,271	51,917	54,276
Note payable - EREC	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023
TOTAL LONG TERM LIAB	1,081,036	1,081,036	1,081,036	1,081,036	1,081,036	1,081,036	1,088,991	1,089,660	1,090,307	1,090,953	1,093,312
TOTAL LIABILITIES	1,659,661	1,651,676	1,657,936	1,654,020	1,655,766	1,655,522	1,691,351	1,703,325	1,709,588	1,749,524	1,766,320

SHAREHOLDERS' EQUITY											
Accum. adj - W/M G Conley	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(171,934)	(171,934)
Current earnings	9,289	14,441	19,265	16,335	11,272	3,497	(18,582)	(24,824)	(30,112)	(34,944)	(37,720)
Accum. adj - Barkley Sturgill	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(171,934)	(171,934)
Current earnings	9,289	14,441	19,265	16,335	11,272	3,497	(18,582)	(24,824)	(30,112)	(34,944)	(37,720)
Accum. adj - Estill Branham	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(43,834)	(43,834)
Current earnings	2,063	3,210	4,280	3,627	2,507	779	(4,130)	(5,514)	(6,692)	(7,765)	(8,382)
TOTAL SHARE EQUITY	(345,363)	(333,912)	(323,194)	(329,707)	(340,953)	(358,231)	(407,298)	(421,166)	(432,920)	(465,355)	(471,524)

TOTAL LIAB & SH EQUITY	1,314,298	1,317,764	1,334,742	1,324,313	1,314,813	1,297,291	1,284,053	1,282,159	1,276,668	1,284,169	1,294,796
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SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

DEC

CURRENT LIABILITIES

Accounts payable - current	346,286
Accrued salaries	-
Customer deposits	64,284
Accrued interest - deposits	10,272
Accrued payroll taxes	18,557
Accrued school tax	1,837
Accrued sales tax	679
Loan from shareholder - EB	-
Accrued refund of penalties	<u>17,354</u>

TOTAL CURRENT LIAB

459,269

LONG TERM LIABILITIES

N/P - The Bank Josephine	-
Note payable - DLG	1,258,419
Note payable - ARG	12,325
Note payable - EREC	-
TOTAL LONG TERM LIAB	<u>1,270,744</u>

TOTAL LIABILITIES

1,730,013

SHAREHOLDERS' EQUITY

Accum. adj - WM G Conley	(197,212)
Current earnings	14,250
Accum. adj - Barkley Sturgill	(197,212)
Current earnings	14,250
Accum. adj - Estill Branham	(69,113)
Current earnings	3,167
TOTAL SHARE EQUITY	<u>(431,870)</u>

TOTAL LIAB & SH EQUITY

1,298,143

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	TOTALS
Amortization of loan costs	339	170	170	170	170	170	170	-	-	-	1,359
Payroll tax expense	443	427	530	1,112	440	1,500	551	542	859	609	7,013
Public service comm assess	-	-	-	-	-	-	-	15	-	-	15
Taxes other than income	-	-	-	-	-	-	449	-	-	-	449
Public service company	-	-	-	-	-	-	-	-	-	-	-
Total expenses	45,850	46,101	48,474	30,034	24,574	30,270	60,307	25,643	24,523	32,872	368,648
Income from Operations	19,733	10,543	9,810	(7,423)	(12,157)	(18,188)	(49,977)	(14,783)	(12,712)	(11,665)	(86,819)
Other Income	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	35	35
Transfer fees	-	-	-	-	-	-	-	-	-	909	9,090
Amortization of acquis adj	909	909	909	909	909	909	909	909	909	909	-
Gain on early extinguishmen	-	-	-	-	-	-	-	6	14	19	39
Interest income	-	-	-	-	-	-	-	-	-	-	-
Total other income	909	909	909	909	909	909	909	915	923	963	9,164
Other Expenses	-	-	-	-	-	-	-	-	-	-	-
Loss on disposition	-	-	-	-	-	-	-	-	-	-	-
Total other expenses	-	-	-	-	-	-	-	-	-	-	-
Net Income	20,642	11,452	10,719	(6,514)	(11,248)	(17,279)	(49,068)	(13,868)	(11,789)	(10,702)	(77,655)

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	NOV	DEC	TOTALS
Revenue			
Gas sales	35,229	66,117	380,903
Reconnect fees	-	-	35
Temporary service charge	15	15	30
Transfer fees	-	70	105
Penalties	633	1,041	3,847
Sales tax commission	6	12	82
Total revenue	35,883	67,255	384,967
Expense			
Gas purchases	17,212	30,222	156,439
Compressor station power	-	(80)	279
Supervision	1,000	1,000	9,750
Mains and service labor	1,513	1,000	13,604
Service supplies & expense	613	406	4,141
Contract labor	400	564	5,148
Maintenance of meters	-	132	2,266
Meter reading labor	1,489	992	13,832
Acct'g and collecting labor	2,350	2,395	22,745
Computer billing	136	134	2,022
Uncollectable accounts	-	31,866	31,866
General & admin salaries	3,585	3,395	34,230
Office supplies and expense	855	1,736	10,656
Outside services employed	530	539	23,363
Insurance	125	1,234	6,702
Employee benefits	-	389	1,574
Miscellaneous genral exp	61	382	1,725
Rents	600	100	7,325
Transportation expense	1,521	5,175	26,110
Interest - Bank Josephine	1,329	232	11,087
Interest - Meter deposits	325	843	3,435
Interest - Other	-	35	1,324
Interest - Comm Trust	289	-	3,054
Interest - KISU	2,359	3,767	41,458
Interest - ARG	647	(598)	9,966
Interest - DLG	-	29,458	29,458
Depreciation	3,765	3,482	44,487
Amort of Organization costs	127	127	1,524

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	NOV	DEC	TOTALS
Amortization of loan costs	-	-	1,359
Payroll tax expense	760	3,810	11,583
Public service comm assess	2,308	-	2,308
Taxes other than income	-	12,706	12,721
Public service company	-	-	449
Total expenses	43,899	135,443	547,990
Income from Operations	(8,016)	(68,188)	(163,023)
Other Income			
Other income	911	1,793	2,704
Transfer fees	-	(35)	-
Amortization of acquis adj	909	909	10,908
Gain on early extinguishment	-	182,881	182,881
Interest income	26	32	97
Total other income	1,846	185,580	196,590
Other Expenses			
Loss on disposition	-	1,899	1,899
Total other expenses	-	1,899	1,899
Net Income	(6,170)	115,493	31,668

REVISED STMTS

SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 1999

ASSETS

Current Assets		
Cash in bank - checking	\$	20,756.22
Cash in bank - CNB		15,177.36
Customer accounts receivable		70,862.75
		<hr/>
Total Current Assets	\$	106,796.33
Property, Plant and Equipment		
Mains	1,596,689.03	
Compressor station equipment	14,580.00	
Meters	53,676.40	
Meter installation	10,502.00	
Office furniture & equipment	3,768.82	
Power operated equipment	12,704.42	
Organization costs	38,045.00	
Accumulated depreciation	(348,631.52)	
Gas plant acquisition adjustment	(272,751.80)	
Gas plant acquisition amortization	65,448.00	
	<hr/>	
Total Property Plant and Equipment		1,174,030.35
Other Assets		
Utility deposits	1,753.89	
Prepaid gas costs	15,562.68	
	<hr/>	
Total Other Assets		17,316.57
		<hr/>
TOTAL ASSETS	\$	<u>1,298,143.25</u>

See Accountant's Compilation Report

REVISED STATS

SIGMA GAS CORPORATION
BALANCE SHEET
DECEMBER 31, 1999

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	346,286.34
Customer deposits		64,284.00
Accrued interest-deposits		10,272.55
FICA		5,986.97
Federal withholding		8,546.00
Kentucky withholding		2,505.80
SUI/FUTA		116.89
Medicare		1,400.18
School tax		1,837.44
Sales tax		679.49
Accrued refund of penalties		17,353.72
		<hr/>
Total Current Liabilities	\$	459,269.38
Long Term Liabilities		
Note payable - DLG		1,258,419.00
Note payable - ARG		12,324.56
		<hr/>
Total Long Term Liabilities		1,270,743.56
		<hr/>
Total Liabilities		1,730,012.94
Capital		
Accum. adj. - WM. G. CONL		(197,212.15)
Current Earnings		14,250.29
Accum. adj. - BARKLEY STU		(197,212.15)
Current Earnings		14,250.29
Accum. adj. - ESTILL B. B		(69,112.75)
Current Earnings		3,166.78
		<hr/>
Total Capital		(431,869.69)
		<hr/>
TOTAL LIABILITIES AND CAPITAL	\$	<u><u>1,298,143.25</u></u>

See Accountant's Compilation Report

REVISED STATEMENTS

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 66,116.52	98.3	\$ 380,900.83	98.9
Transfer fees	70.00	0.1	70.00	0.0
Reconnect fees	0.00	0.0	35.00	0.0
Penalties	1,040.88	1.5	3,847.02	1.0
Temporary service charge	15.00	0.0	30.00	0.0
Sales tax commission	12.11	0.0	82.41	0.0
Total Revenue	67,254.51	100.0	384,965.26	100.0
Expenses				
Gas purchases	30,222.01	44.9	156,440.93	40.6
Compressor station power	(80.41)	(0.1)	278.77	0.1
Supervision	1,000.00	1.5	9,750.00	2.5
Mains and service labor	1,000.00	1.5	13,604.48	3.5
Service supplies & expenses	406.25	0.6	4,141.04	1.1
Contract labor	564.00	0.8	5,147.50	1.3
Maintenance of meters	132.36	0.2	2,266.43	0.6
Meter reading labor	992.00	1.5	13,832.52	3.6
Acctg. & collecting labor	2,395.00	3.6	22,745.00	5.9
Computer billing	134.28	0.2	2,022.07	0.5
Uncollectable accounts	31,865.54	47.4	31,865.54	8.3
General & admin. salaries	3,395.00	5.0	34,230.00	8.9
Office supplies & expenses	1,735.91	2.6	10,654.09	2.8
Outside services employed	538.55	0.8	23,362.74	6.1
Insurance	1,235.26	1.8	6,701.83	1.7
Employee Benefits	389.36	0.6	1,573.56	0.4
Miscellaneous general exp	382.39	0.6	1,725.51	0.4
Rents	100.00	0.1	7,325.00	1.9
Transportation expense	5,175.12	7.7	26,110.18	6.8
Interest - Bank Josephine	231.50	0.3	11,087.07	2.9
Interest - Meter deposits	843.26	1.3	3,437.54	0.9
Interest - Other	35.00	0.1	1,323.37	0.3
Interest - Commer Trust	0.00	0.0	3,053.75	0.8
Interest - KISU	3,766.93	5.6	41,458.40	10.8
Interest - ARG	(598.00)	(0.9)	9,965.36	2.6
Interest - DLG	29,458.32	43.8	29,458.32	7.7
Depreciation	3,481.63	5.2	44,487.65	11.6
Amort of organization costs	127.00	0.2	1,524.00	0.4
Amortization of loan cost	0.00	0.0	1,356.68	0.4
Payroll tax expense	3,810.35	5.7	11,582.47	3.0
Public Serv Comm Assessment	0.00	0.0	2,307.68	0.6
Taxes other than income	12,706.10	18.9	12,721.10	3.3
Public Serv Company Assess	0.00	0.0	449.41	0.1
Total Expenses	135,444.71	201.4	547,989.99	142.3
Income from Operations	(68,190.20)	(101.4)	(163,024.73)	(42.3)

See Accountant's Compilation Report

REVISED STMTS

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Other Income				
Other income	1,792.97	2.7	2,703.77	0.7
Transfer fees	(35.00)	(0.1)	0.00	0.0
Amort of acquisition adjustment	909.00	1.4	10,908.00	2.8
Interest income	31.06	0.0	97.86	0.0
Gain on early extinguishment of debt	182,881.09	271.9	182,881.09	47.5
Total Other Income	<u>185,579.12</u>	<u>275.9</u>	<u>196,590.72</u>	<u>51.1</u>
Other Expenses				
Loss on disposition	1,898.63	2.8	1,898.63	0.5
Total Other Expenses	<u>1,898.63</u>	<u>2.8</u>	<u>1,898.63</u>	<u>0.5</u>
Net Income	<u>\$ 115,490.29</u>	<u>171.7</u>	<u>\$ 31,667.36</u>	<u>8.2</u>

See Accountant's Compilation Report

SIGMA SERVICES CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

Director
Barkley Sturgill
Estate of William Grady Conley
Estill Branham

Phone (606) 349-1505
Facsimile (606) 886-2315

April 21, 2000

Martin J. Huelsmann
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

Re: Case No. 1999-074

Dear Mr. Huelsmann:

I have enclosed the first quarter 2000 financial statements of Sigma in compliance with Case No. 1999-074.

If you have any questions or need any further information please contact me at the above address or numbers.

Sincerely,

Estill Branham

Estill Branham, President

Enclosure
EBB/sc

RECEIVED

APR 24 2000

PUBLIC SERVICE
COMMISSION

SIGMA GAS CORPORATION
THREE MONTH COMPARATIVE BALANCE SHEET
2000

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>
ASSETS			
CURRENT ASSETS			
Cash in bank - checking	12,581	41,990	87,436
Cash in bank - CNB	16,010	17,043	17,480
Customer accts rec	85,106	84,109	54,165
Accts rec - other	359	-	-
TOTAL CURR ASSETS	114,056	143,142	159,081
PROPERTY AND EQUIP			
Mains	1,596,689	1,598,900	1,598,900
Compressor station equip	14,580	14,580	14,580
Meters	53,968	55,654	55,654
Meter installation	10,502	10,502	10,502
Office furniture & equip	3,769	3,769	3,769
Power operated equip	12,704	12,704	12,704
Organization costs	38,045	38,045	38,045
Accumulated depr	(352,456)	(356,282)	(360,109)
Gas plant acq adj	(272,752)	(272,752)	(272,752)
Gas plant acq amort	66,357	67,266	68,175
TOTAL PROP AND EQUIP	1,171,406	1,172,386	1,169,468
OTHER ASSETS			
Utility deposits	1,754	1,754	1,754
Prepaid gas costs	4,561	-	1,786
TOTAL OTHER ASSETS	6,315	1,754	3,540
TOTAL ASSETS	<u>1,291,777</u>	<u>1,317,282</u>	<u>1,332,089</u>

SIGMA GAS CORPORATION
THREE MONTH COMPARATIVE BALANCE SHEET
2000

	JAN	FEB	MAR
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable - current	336,813	343,468	354,512
Customer deposits	64,684	65,084	64,884
Accrued interest - deposits	4,506	4,831	5,156
Accrued payroll taxes	2,603	2,268	2,929
Accrued school tax	2,239	1,909	1,092
Accrued sales tax	867	745	400
Accrued refund of penalties	16,323	16,324	14,248
TOTAL CURRENT LIAB	428,035	434,629	443,221
LONG TERM LIABILITIES			
Note payable - DLG	1,258,419	1,258,419	1,258,419
Note payable - ARG	12,429	12,526	12,632
TOTAL LONG TERM LIAB	1,270,848	1,270,945	1,271,051
TOTAL LIABILITIES	1,698,883	1,705,574	1,714,272
SHAREHOLDERS' EQUITY			
Accum. adj - WM G Conley	(182,964)	(182,965)	(182,965)
Current earnings	11,147	19,613	22,363
Accum. adj - Barkley Sturgill	(182,964)	(182,964)	(182,965)
Current earnings	11,147	19,613	22,363
Accum. adj - Estill Branham	(65,949)	(65,948)	(65,949)
Current earnings	2,477	4,359	4,970
TOTAL SHARE EQUITY	(407,106)	(388,292)	(382,183)
TOTAL LIAB & SH EQUITY	1,291,777	1,317,282	1,332,089

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2000

	JAN	FEB	MAR	TOTALS
Revenue				
Gas sales	79,096	67,779	39,374	186,249
Reconnect fees	-	-	-	-
NSF charges	-	-	10	10
Temporary service charge	15	65	140	220
Transfer fees	-	-	-	-
Penalties	2,206	1,860	2,174	6,240
Sales tax commission	16	13	7	36
Total revenue	81,333	69,717	41,705	192,755
Expense				
Gas purchases	38,212	31,967	17,771	87,950
Compressor station power	34	-	-	34
Supervision	1,000	1,000	1,000	3,000
Mains and service labor	912	664	740	2,316
Service supplies & expense	-	569	15	584
Contract labor	150	684	50	884
Maintenance of meters	-	-	15	15
Meter reading labor	912	680	724	2,316
Acct'g and collecting labor	1,300	1,120	1,120	3,540
Computer billing	136	139	189	464
General & admin salaries	4,000	3,480	3,480	10,960
Office supplies and expense	1,145	1,026	714	2,885
Outside services employed	-	-	168	168
Insurance	1,500	785	-	2,285
Employee benefits	125	125	149	399
Miscellaneous genral exp	452	82	421	955
Rents	725	600	600	1,925
Transporation expense	1,452	1,807	1,452	4,711
Interest - Meter deposits	323	325	324	972
Interest - Other	65	130	144	339
Interest - KISU	2,360	2,208	2,360	6,928
Interest - ARG	105	98	105	308
Depreciation	3,698	3,699	3,700	11,097
Amort of Organization costs	127	127	127	381
Payroll tax expense	621	531	1,173	2,325
Total expenses	59,354	51,846	36,541	147,741
Income from Operations	21,979	17,871	5,164	45,014

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2000

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>TOTALS</u>
Other Income				
Other income	1,851	-	-	1,851
Amortization of acquis adj	909	909	909	2,727
Interest income	33	33	37	103
				-
Total other income	2,793	942	946	4,681
Other Expenses				
Total other expenses	-	-	-	-
Net Income	24,771	18,813	6,110	49,694

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET

1999

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV
ASSETS											
CURRENT ASSETS											
Cash in bank - checking	21,049	33,753	51,199	61,833	68,860	53,861	40,896	33,871	26,903	15,002	6,861
Cash in bank - CNB	-	-	-	-	-	-	-	7,506	8,821	12,119	14,046
Customer accts rec	76,544	70,191	72,791	43,241	27,909	27,462	26,592	24,546	24,639	33,426	48,390
Accts rec - GEI	23,925	23,924	23,924	23,924	23,925	23,924	23,925	23,925	23,925	23,924	23,924
Accts rec - other	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURR ASSETS	121,518	127,868	147,914	128,998	120,694	105,247	91,413	89,848	84,288	84,471	93,221
PROPERTY AND EQUIP											
Mains	1,591,312	1,591,496	1,591,496	1,591,496	1,591,665	1,591,825	1,593,435	1,594,055	1,594,727	1,597,045	1,597,576
Compressor station equip	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580
Meters	41,474	41,474	41,474	53,056	53,056	53,056	53,056	53,056	53,056	53,056	53,056
Meter installation	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544
Office furniture & equip	1,375	1,375	1,375	1,375	2,661	2,661	2,661	2,661	2,661	2,661	4,154
Power operated equip	14,470	14,470	14,470	14,470	14,945	15,847	15,900	15,900	15,900	17,600	17,600
Organization costs	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045
Accumulated depr	(307,490)	(311,296)	(315,104)	(318,938)	(322,804)	(326,680)	(330,556)	(334,433)	(338,310)	(342,192)	(346,084)
Gas plant acq adj	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)
Gas plant acq amort	55,450	56,358	57,268	58,176	59,086	59,994	60,903	61,812	62,721	63,630	64,539
TOTAL PROP AND EQUIP	1,190,008	1,187,294	1,184,396	1,193,052	1,192,026	1,190,120	1,188,816	1,186,468	1,184,172	1,185,217	1,184,258
OTHER ASSETS											
Other costs	1,018	848	678	509	339	170	-	-	-	-	-
Utility deposits	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754
Prepaid gas costs	-	-	-	-	-	-	2,070	4,089	6,454	12,727	15,563
TOTAL OTHER ASSETS	2,772	2,602	2,432	2,263	2,093	1,924	3,824	5,843	8,208	14,481	17,317
TOTAL ASSETS	1,314,298	1,317,764	1,334,742	1,324,313	1,314,813	1,297,291	1,284,053	1,282,159	1,276,668	1,284,169	1,294,796

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

DEC

CURRENT ASSETS	
Cash in bank - checking	20,756
Cash in bank - CNB	15,177
Customer accts rec	70,863
Accts rec - GEI	-
Accts rec - other	-
	<hr/>

TOTAL CURR ASSETS 106,796

PROPERTY AND EQUIP

Mains	1,596,689
Compressor station equip	14,580
Meters	53,676
Meter installation	10,502
Office furniture & equip	3,769
Power operated equip	12,704
Organization costs	38,045
Accumulated depr	(348,631)
Gas plant acq adj	(272,752)
Gas plant acq amort	65,448
	<hr/>

TOTAL PROP AND EQUIP 1,174,030

OTHER ASSETS

Liabilities costs	-
Utility deposits	1,754
Prepaid gas costs	15,563
	<hr/>

TOTAL OTHER ASSETS 17,317

TOTAL ASSETS 1,298,143

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
LIABILITIES AND SHAREHOLDERS' EQUITY											
CURRENT LIABILITIES											
Accounts payable - current	466,058	455,407	459,701	455,960	456,987	454,662	486,574	490,282	494,330	509,562	522,085
Accrued salaries	33,500	36,500	38,000	39,500	41,000	41,000	39,500	39,500	39,500	39,500	39,500
Customer deposits	54,584	54,384	54,084	53,884	53,284	52,484	52,184	59,484	60,484	63,384	64,984
Accrued interest - deposits	7,163	7,434	7,705	7,974	8,241	8,503	8,242	8,540	8,828	9,115	9,435
Accrued payroll taxes	1,694	1,626	2,019	1,708	1,690	4,283	2,379	2,349	2,620	2,541	3,131
Accrued school tax	1,889	1,635	1,683	652	340	337	287	304	333	566	1,001
Accrued sales tax	737	654	708	306	188	217	194	206	186	212	338
Loan from shareholder - EB	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Accrued refund of penalties	-	-	-	-	-	-	-	-	-	20,691	19,534
TOTAL CURRENT LIAB	578,625	570,640	576,900	572,984	574,730	574,486	602,360	613,665	619,281	658,571	673,008
LONG TERM LIABILITIES											
N/P - The Bank Josephine	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Note payable - DLG	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013
Note payable - ARG	42,000	42,000	42,000	42,000	42,000	42,000	49,955	50,624	51,271	51,917	54,276
Note payable - EREC	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023
TOTAL LONG TERM LIAB	1,081,036	1,081,036	1,081,036	1,081,036	1,081,036	1,081,036	1,088,991	1,089,660	1,090,307	1,090,953	1,093,312
TOTAL LIABILITIES	1,659,661	1,651,676	1,657,936	1,654,020	1,655,766	1,655,522	1,691,351	1,703,325	1,709,588	1,749,524	1,766,320
SHAREHOLDERS' EQUITY											
A.M. adj - VM G Conley	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(171,934)	(171,934)
Current earnings	9,289	14,441	19,265	16,335	11,272	3,497	(18,582)	(24,824)	(30,112)	(34,944)	(37,720)
Accum. adj - Barkley Sturgill	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(171,934)	(171,934)
Current earnings	9,289	14,441	19,265	16,335	11,272	3,497	(18,582)	(24,824)	(30,112)	(34,944)	(37,720)
Accum. adj - Estill Branham	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(43,834)	(43,834)
Current earnings	2,063	3,210	4,280	3,627	2,507	779	(4,130)	(5,514)	(6,692)	(7,765)	(8,382)
TOTAL SHARE EQUITY	(345,363)	(333,912)	(323,194)	(329,707)	(340,953)	(358,231)	(407,298)	(421,166)	(432,920)	(465,355)	(471,524)
TOTAL LIAB & SH EQUITY	1,314,298	1,317,764	1,334,742	1,324,313	1,314,813	1,297,291	1,284,053	1,282,159	1,276,668	1,284,169	1,294,796

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

DEC

CURRENT LIABILITIES

Accounts payable - current	346,286
Accrued salaries	-
Customer deposits	64,284
Accrued interest - deposits	10,272
Accrued payroll taxes	18,557
Accrued school tax	1,837
Accrued sales tax	679
Loan from shareholder - EB	-
Accrued refund of penalties	<u>17,354</u>

TOTAL CURRENT LIAB

459,269

LONG TERM LIABILITIES

N/P - The Bank Josephine	-
Note payable - DLG	1,258,419
Note payable - ARG	12,325
Note payable - EREC	-
TOTAL LONG TERM LIAB	<u>1,270,744</u>

TOTAL LIABILITIES

1,730,013

SHAREHOLDERS' EQUITY

Accum. adj - WM G Conley	(197,212)
Current earnings	14,250
Accum. adj - Barkley Sturgill	(197,212)
Current earnings	14,250
Accum. adj - Estill Branham	(69,113)
Current earnings	3,167
TOTAL SHARE EQUITY	<u>(431,870)</u>

TOTAL LIAB & SH EQUITY

1,298,143

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	TOTALS
Amortization of loan costs	339	170	170	170	170	170	170	-	-	-	1,359
Payroll tax expense	443	427	530	1,112	440	1,500	551	542	859	609	7,013
Public service comm assess	-	-	-	-	-	-	-	-	-	-	-
Taxes other than income	-	-	-	-	-	-	-	15	-	-	15
Public service company	-	-	-	-	-	-	449	-	-	-	449
Total expenses	45,850	46,101	48,474	30,034	24,574	30,270	60,307	25,643	24,523	32,872	368,648
Income from Operations	19,733	10,543	9,810	(7,423)	(12,157)	(18,188)	(49,977)	(14,783)	(12,712)	(11,665)	(86,819)
Other Income											
Other income	-	-	-	-	-	-	-	-	-	-	-
Transfer fees	-	-	-	-	-	-	-	-	-	35	35
Amortization of acquis adl	909	909	909	909	909	909	909	909	909	909	9,090
Gain on early extinguishmen	-	-	-	-	-	-	-	6	-	-	6
Interest income	-	-	-	-	-	-	-	-	14	19	39
Total other income	909	909	909	909	909	909	909	915	923	963	9,164
Other Expenses											
Loss on disposition	-	-	-	-	-	-	-	-	-	-	-
Total other expenses	-	-	-	-	-	-	-	-	-	-	-
Net Income	20,642	11,452	10,719	(6,514)	(11,248)	(17,279)	(49,068)	(13,868)	(11,789)	(10,702)	(77,655)

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	NOV	DEC	TOTALS
Revenue			
Gas sales	35,229	66,117	380,903
Reconnect fees	-	-	35
Temporary service charge	15	15	30
Transfer fees	-	70	105
Penalties	633	1,041	3,847
Sales tax commission	6	12	82
Total revenue	35,883	67,255	384,967
Expense			
Gas purchases	17,212	30,222	156,439
Compressor station power	-	(80)	279
Supervision	1,000	1,000	9,750
Mains and service labor	1,513	1,000	13,604
Service supplies & expense	613	406	4,141
Contract labor	400	564	5,148
Maintenance of meters	-	132	2,266
Meter reading labor	1,489	992	13,832
Acctg and collecting labor	2,350	2,395	22,745
Computer billing	136	134	2,022
Uncollectable accounts	-	31,866	31,866
General & admin salaries	3,585	3,395	34,230
Office supplies and expense	855	1,736	10,656
Outside services employed	530	539	23,363
Insurance	125	1,234	6,702
Employee benefits	-	389	1,574
Miscellaneous general exp	61	382	1,725
Rents	600	100	7,325
Transportation expense	1,521	5,175	26,110
Interest - Bank Josephine	1,329	232	11,087
Interest - Meter deposits	325	843	3,435
Interest - Other	-	35	1,324
Interest - Comm Trust	289	-	3,054
Interest - KISU	2,359	3,767	41,458
Interest - ARG	647	(598)	9,966
Interest - DLG	-	29,458	29,458
Depreciation	3,765	3,482	44,487
Amort of Organization costs	127	127	1,524

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1999

	NOV	DEC	TOTALS
Amortization of loan costs	-	-	1,359
Payroll tax expense	760	3,810	11,583
Public service comm assess	2,308	-	2,308
Taxes other than income	-	12,706	12,721
Public service company	-	-	449
Total expenses	43,899	135,443	547,990
Income from Operations	(8,016)	(68,188)	(163,023)
Other Income			
Other income	911	1,793	2,704
Transfer fees	-	(35)	-
Amortization of acquis adj	909	909	10,908
Gain on early extinguishment	-	182,881	182,881
Interest income	26	32	97
Total other income	1,846	185,580	196,590
Other Expenses			
Loss on disposition	-	1,899	1,899
Total other expenses	-	1,899	1,899
Net Income	(6,170)	115,493	31,668

SIGMA GAS CORPORATION
BALANCE SHEET
MARCH 31, 2000

ASSETS

Current Assets		
Cash in bank - checking	\$	87,436.06
Cash in bank - CNB		17,480.29
Customer accounts receivable		54,164.96
		<hr/>
Total Current Assets		\$ 159,081.31
Property, Plant and Equipment		
Mains	1,598,900.19	
Compressor station equipment	14,580.00	
Meters	55,654.15	
Meter installation	10,502.00	
Office furniture & equipment	3,768.82	
Power operated equipment	12,704.42	
Organization costs	38,045.00	
Accumulated depreciation	(360,109.62)	
Gas plant acquisition adjustment	(272,751.80)	
Gas plant acquisition amortization	68,175.00	
	<hr/>	
Total Property Plant and Equipment		1,169,468.16
Other Assets		
Utility deposits	1,753.89	
Prepaid gas costs	1,786.40	
	<hr/>	
Total Other Assets		3,540.29
		<hr/>
TOTAL ASSETS		\$ 1,332,089.76
		<hr/> <hr/>

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SIGMA GAS CORPORATION
BALANCE SHEET
MARCH 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	354,511.66
Customer deposits		64,884.00
Accrued interest-deposits		5,155.66
FICA		875.94
Federal withholding		873.00
Kentucky withholding		342.52
SUI/FUTA		632.32
Medicare		204.86
School tax		1,091.91
Sales tax		400.41
Accrued refund of penalties		14,248.15
		\$ 443,220.43
Long Term Liabilities		
Note payable - DLG		1,258,419.00
Note payable - ARG		12,631.82
		1,271,050.82
Total Liabilities		1,714,271.25
Capital		
Accum. adj. - WM. G. CONL		(182,964.50)
Current Earnings		22,363.26
Accum. adj. - BARKLEY STU		(182,964.50)
Current Earnings		22,363.26
Accum. adj. - ESTILL B. B		(65,948.61)
Current Earnings		4,969.60
		(382,181.49)
Total Capital		(382,181.49)
TOTAL LIABILITIES AND CAPITAL		\$ 1,332,089.76

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE THREE MONTHS ENDED MARCH 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent		
Revenue				
Gas sales	\$ 39,374.12	94.4	\$ 186,249.64	96.6
NSF charge	10.00	0.0	10.00	0.0
Penalties	2,173.92	5.2	6,240.50	3.2
Temporary service charge	140.00	0.3	220.00	0.1
Sales tax commission	7.14	0.0	35.85	0.0
Total Revenue	41,705.18	100.0	192,755.99	100.0
Expenses				
Gas purchases	17,770.83	42.6	87,949.87	45.6
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	2.4	3,000.00	1.6
Mains and service labor	740.00	1.8	2,316.00	1.2
Service supplies & expenses	14.63	0.0	583.48	0.3
Contract labor	50.00	0.1	883.50	0.5
Maintenance of meters	15.00	0.0	15.00	0.0
Meter reading labor	724.00	1.7	2,316.00	1.2
Acctg. & collecting labor	1,120.00	2.7	3,540.00	1.8
Computer billing	188.78	0.5	463.64	0.2
General & admin. salaries	3,480.00	8.3	10,960.00	5.7
Office supplies & expenses	713.75	1.7	2,884.97	1.5
Outside services employed	168.35	0.4	168.35	0.1
Insurance	0.00	0.0	2,285.00	1.2
Employee Benefits	149.37	0.4	398.61	0.2
Miscellaneous general exp	420.65	1.0	954.51	0.5
Rents	600.00	1.4	1,925.00	1.0
Transportation expense	1,451.58	3.5	4,710.40	2.4
Interest - Meter deposits	324.42	0.8	973.26	0.5
Interest - Other	144.38	0.3	339.88	0.2
Interest - KISU	2,360.25	5.7	6,928.48	3.6
Interest - ARG	104.67	0.3	307.26	0.2
Depreciation	3,699.98	8.9	11,097.10	5.8
Amort of organization costs	127.00	0.3	381.00	0.2
Payroll tax expense	1,172.70	2.8	2,325.38	1.2
Total Expenses	36,540.34	87.6	147,740.86	76.6
Income from Operations	5,164.84	12.4	45,015.13	23.4
Other Income				
Other income	0.00	0.0	1,851.06	1.0
Amort of acquisition adjustment	909.00	2.2	2,727.00	1.4
Interest income	36.89	0.1	102.93	0.1
Total Other Income	945.89	2.3	4,680.99	2.4

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Net Income	<u>\$ 6,110.73</u>	<u>14.7</u>	<u>\$ 49,696.12</u>	<u>25.8</u>		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
FEBRUARY 29, 2000

ASSETS

Current Assets		
Cash in bank - checking	\$ 41,989.83	
Cash in bank - CNB	17,043.40	
Customer accounts receivable	84,108.95	
	<hr/>	
Total Current Assets		\$ 143,142.18
Property, Plant and Equipment		
Mains	1,598,900.19	
Compressor station equipment	14,580.00	
Meters	55,654.15	
Meter installation	10,502.00	
Office furniture & equipment	3,768.82	
Power operated equipment	12,704.42	
Organization costs	38,045.00	
Accumulated depreciation	(356,282.64)	
Gas plant acquisition adjustment	(272,751.80)	
Gas plant acquisition amortization	67,266.00	
	<hr/>	
Total Property Plant and Equipment		1,172,386.14
Other Assets		
Utility deposits	1,753.89	
	<hr/>	
Total Other Assets		1,753.89
		<hr/>
TOTAL ASSETS		<u>\$ 1,317,282.21</u>

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SIGMA GAS CORPORATION
BALANCE SHEET
FEBRUARY 29, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	343,467.64
Customer deposits		65,084.00
Accrued interest-deposits		4,831.24
FICA		861.06
Federal withholding		867.00
Kentucky withholding		338.20
Medicare		201.38
School tax		1,909.49
Sales tax		744.75
Accrued refund of penalties		16,323.52
		<hr/>
Total Current Liabilities	\$	434,628.28
Long Term Liabilities		
Note payable - DLG		1,258,419.00
Note payable - ARG		12,527.15
		<hr/>
Total Long Term Liabilities		1,270,946.15
		<hr/>
Total Liabilities		1,705,574.43
Capital		
Accum. adj. - WM. G. CONL		(182,964.50)
Current Earnings		19,613.42
Accum. adj. - BARKLEY STU		(182,964.50)
Current Earnings		19,613.42
Accum. adj. - ESTILL B. B		(65,948.61)
Current Earnings		4,358.55
		<hr/>
Total Capital		(388,292.22)
		<hr/>
TOTAL LIABILITIES AND CAPITAL	\$	1,317,282.21
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWO MONTHS ENDED FEBRUARY 29, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 67,779.19	97.2	\$ 146,875.52	97.2
Penalties	1,860.30	2.7	4,066.58	2.7
Temporary service charge	65.00	0.1	80.00	0.1
Sales tax commission	13.27	0.0	28.71	0.0
Total Revenue	69,717.76	100.0	151,050.81	100.0
Expenses				
Gas purchases	31,967.42	45.9	70,179.04	46.5
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	1.4	2,000.00	1.3
Mains and service labor	664.00	1.0	1,576.00	1.0
Service supplies & expenses	568.85	0.8	568.85	0.4
Contract labor	683.50	1.0	833.50	0.6
Meter reading labor	680.00	1.0	1,592.00	1.1
Acctg. & collecting labor	1,120.00	1.6	2,420.00	1.6
Computer billing	138.60	0.2	274.86	0.2
General & admin. salaries	3,480.00	5.0	7,480.00	5.0
Office supplies & expenses	1,025.95	1.5	2,171.22	1.4
Insurance	785.00	1.1	2,285.00	1.5
Employee Benefits	124.62	0.2	249.24	0.2
Miscellaneous general exp	81.60	0.1	533.86	0.4
Rents	600.00	0.9	1,325.00	0.9
Transportation expense	1,807.16	2.6	3,258.82	2.2
Interest - Meter deposits	325.42	0.5	648.84	0.4
Interest - Other	130.10	0.2	195.50	0.1
Interest - KISU	2,207.98	3.2	4,568.23	3.0
Interest - ARG	97.92	0.1	202.59	0.1
Depreciation	3,699.42	5.3	7,397.12	4.9
Amort of organization costs	127.00	0.2	254.00	0.2
Payroll tax expense	531.20	0.8	1,152.68	0.8
Total Expenses	51,845.74	74.4	111,200.52	73.6
Income from Operations	17,872.02	25.6	39,850.29	26.4
Other Income				
Other income	0.00	0.0	1,851.06	1.2
Amort of acquisition adjustment	909.00	1.3	1,818.00	1.2
Interest income	33.04	0.0	66.04	0.0
Total Other Income	942.04	1.4	3,735.10	2.5
Net Income	\$ 18,814.06	27.0	\$ 43,585.39	28.9

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SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWO MONTHS ENDED FEBRUARY 29, 2000

C U R R E N T P E R I O D		Y E A R T O		D A T E	
Amount	Percent	Amount	Percent	Amount	Percent

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See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JANUARY 31, 2000

ASSETS

Current Assets		
Cash in bank - checking	\$	12,581.41
Cash in bank - CNB		16,010.36
Customer accounts receivable		85,105.68
Accounts receivable-other		358.54
		<hr/>
Total Current Assets	\$	114,055.99
Property, Plant and Equipment		
Mains	1,596,689.03	
Compressor station equipment	14,580.00	
Meters	53,968.06	
Meter installation	10,502.00	
Office furniture & equipment	3,768.82	
Power operated equipment	12,704.42	
Organization costs	38,045.00	
Accumulated depreciation	(352,456.22)	
Gas plant acquisition adjustment	(272,751.80)	
Gas plant acquisition amortization	66,357.00	
	<hr/>	
Total Property Plant and Equipment		1,171,406.31
Other Assets		
Utility deposits	1,753.89	
Prepaid gas costs	4,561.26	
	<hr/>	
Total Other Assets		6,315.15
		<hr/>
TOTAL ASSETS	\$	<u>1,291,777.45</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JANUARY 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 336,813.59	
Customer deposits	64,684.00	
Accrued interest-deposits	4,505.82	
FICA	1,007.38	
Federal withholding	971.00	
Kentucky withholding	388.70	
Medicare	235.60	
School tax	2,239.17	
Sales tax	866.72	
Accrued refund of penalties	16,323.52	
Total Current Liabilities		\$ 428,035.50
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Note payable - ARG	12,429.23	
Total Long Term Liabilities		1,270,848.23
Total Liabilities		1,698,883.73
Capital		
Accum. adj. - WM. G. CONL	(182,964.50)	
Current Earnings	11,147.10	
Accum. adj. - BARKLEY STU	(182,964.50)	
Current Earnings	11,147.10	
Accum. adj. - ESTILL B. B	(65,948.61)	
Current Earnings	2,477.13	
Total Capital		(407,106.28)
TOTAL LIABILITIES AND CAPITAL		\$ 1,291,777.45

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S I M M O N S C O R P O R A T I O N
I N C O M E S T A T E M E N T
F O R T H E O N E M O N T H E N D E D J A N U A R Y 3 1 , 2 0 0 0

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 79,096.33	97.2	\$ 79,096.33	97.2
Penalties	2,206.28	2.7	2,206.28	2.7
Temporary service charge	15.00	0.0	15.00	0.0
Sales tax commission	15.44	0.0	15.44	0.0
Total Revenue	81,333.05	100.0	81,333.05	100.0
Expenses				
Gas purchases	38,211.62	47.0	38,211.62	47.0
Compressor station power	34.17	0.0	34.17	0.0
Supervision	1,000.00	1.2	1,000.00	1.2
Mains and service labor	912.00	1.1	912.00	1.1
Contract labor	150.00	0.2	150.00	0.2
Meter reading labor	912.00	1.1	912.00	1.1
Acctg. & collecting labor	1,300.00	1.6	1,300.00	1.6
Computer billing	136.26	0.2	136.26	0.2
General & admin. salaries	4,000.00	4.9	4,000.00	4.9
Office supplies & expenses	1,145.27	1.4	1,145.27	1.4
Insurance	1,500.00	1.8	1,500.00	1.8
Employee Benefits	124.62	0.2	124.62	0.2
Miscellaneous general exp	452.26	0.6	452.26	0.6
Rents	725.00	0.9	725.00	0.9
Transportation expense	1,451.66	1.8	1,451.66	1.8
Interest - Meter deposits	323.42	0.4	323.42	0.4
Interest - Other	65.40	0.1	65.40	0.1
Interest - KISU	2,360.25	2.9	2,360.25	2.9
Interest - ARG	104.67	0.1	104.67	0.1
Depreciation	3,697.70	4.5	3,697.70	4.5
Amort of organization costs	127.00	0.2	127.00	0.2
Payroll tax expense	621.48	0.8	621.48	0.8
Total Expenses	59,354.78	73.0	59,354.78	73.0
Income from Operations	21,978.27	27.0	21,978.27	27.0
Other Income				
Other income	1,851.06	2.3	1,851.06	2.3
Amort of acquisition adjustment	909.00	1.1	909.00	1.1
Interest income	33.00	0.0	33.00	0.0
Total Other Income	2,793.06	3.4	2,793.06	3.4
Net Income	\$ 24,771.33	30.5	\$ 24,771.33	30.5

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SIGMA GAS CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

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JUL 20 2000
PUBLIC SERVICE
COMMISSION

PUBLIC SERVICE
COMMISSION

Directors
Estill Branham
Barkley Sturgill
Estate of Wm Grady Conley

Office (606) 349-1505
Facsimile (606) 886-2315

July 18, 2000

Martin J. Huelsmann
Executive Director
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Re: CASE NO. 99-074

Dear Sir:

Enclosed please find the financial statements and comparative financial statements of Sigma Gas Corporation for the months ending April 30, 2000, May 31, 2000, and June 30, 2000. I have also enclosed Statements of Cash Flow for each of the first six months of year 2000. We are filing these statements in compliance with Case no. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the numbers listed above.

Sincerely,



Estill Branham, President

EBB/sc
Enclosures

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2000

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 P.M.

January February March April May June

ASSETS

CURRENT ASSETS

Cash in bank - checking	\$ 12,581	\$ 41,990	\$ 87,436	\$ 70,967	\$ 72,206	\$ 59,395
Cash in bank - CNB	16,010	17,043	17,480	17,914	18,555	18,593
Customer accounts receivable	85,106	84,109	54,165	44,815	28,867	26,029
Accounts receivable-other	359	0	0	0	1	0

TOTAL CURRENT ASSETS	<u>114,056</u>	<u>143,142</u>	<u>159,081</u>	<u>133,696</u>	<u>119,629</u>	<u>104,017</u>
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PROPERTY AND EQUIPMENT

Mains	1,596,689	1,598,900	1,598,900	1,598,900	1,599,112	1,599,112
Compressor station equipment	14,580	14,580	14,580	14,580	14,580	14,580
Meters	53,968	55,654	55,654	55,654	55,654	55,654
Meter installation	10,502	10,502	10,502	10,502	10,502	10,502
Office furniture & equipment	3,769	3,769	3,769	3,769	3,769	3,769
Power operated equipment	12,704	12,704	12,704	12,704	12,704	12,704
Organization costs	38,045	38,045	38,045	38,045	38,045	38,045
Accumulated depreciation	(352,456)	(356,283)	(360,110)	(363,937)	(367,764)	(371,591)
Gas plant acquisition adjustment	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)
Gas plant acquisition amortization	66,357	67,267	68,176	69,085	69,994	70,903

TOTAL PROPERTY AND EQUIPMENT	<u>1,171,406</u>	<u>1,172,386</u>	<u>1,169,468</u>	<u>1,166,550</u>	<u>1,163,844</u>	<u>1,160,926</u>
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OTHER ASSETS

Utility deposits	1,754	1,754	1,754	1,754	1,754	1,754
Prepaid gas costs	4,561	0	1,786	3,170	5,240	5,240

TOTAL OTHER ASSETS	<u>6,315</u>	<u>1,754</u>	<u>3,540</u>	<u>4,924</u>	<u>6,994</u>	<u>6,994</u>
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TOTAL ASSETS	<u>\$1,291,777</u>	<u>\$1,317,282</u>	<u>\$1,332,089</u>	<u>\$1,305,170</u>	<u>\$1,290,467</u>	<u>\$1,271,937</u>
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SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2000

	January	February	March	April	May	June
LIABILITIES & SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Accounts payable - current	\$ 336,814	\$ 343,468	\$ 354,512	\$ 329,123	\$ 323,552	\$ 322,829
Customer deposits	64,684	65,084	64,884	64,184	63,784	62,184
Accrued interest-deposits	4,506	4,831	5,156	5,477	5,788	5,682
FICA	1,007	861	876	869	1,039	862
Federal withholding	971	867	873	872	1,012	870
Kentucky withholding	389	338	343	341	412	339
SUI/FUTA	0	0	632	0	0	416
Medicare	236	201	205	203	243	201
School tax	2,239	1,909	1,092	771	379	294
Sales tax	867	745	400	328	251	214
Accrued refund of penalties	16,323	16,324	14,247	14,247	12,283	11,301
TOTAL CURRENT LIABILITIES	428,036	434,628	443,220	416,415	408,743	405,192
LONG TERM LIABILITIES						
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
Note payable - ARG	12,429	12,527	12,632	12,733	12,838	12,939
TOTAL LONG TERM LIABILITIES	1,270,848	1,270,946	1,271,051	1,271,152	1,271,257	1,271,358
TOTAL LIABILITIES	1,698,884	1,705,574	1,714,271	1,687,567	1,680,000	1,676,550
SHAREHOLDERS' EQUITY						
Accum. adj. - WM. G. CONL	(182,964)	(182,964)	(182,964)	(182,964)	(182,964)	(182,964)
Current Earnings	11,146	19,613	22,363	22,266	19,055	12,270
Accum. adj. - BARKLEY STU	(182,964)	(182,964)	(182,964)	(182,964)	(182,964)	(182,964)
Current Earnings	11,146	19,613	22,363	22,266	19,055	12,270
Accum. adj. - ESTILL B. B	(65,950)	(65,950)	(65,950)	(65,950)	(65,950)	(65,950)
Current Earnings	2,480	4,360	4,971	4,949	4,236	2,726
TOTAL SHAREHOLDERS' EQUITY	(407,106)	(388,292)	(382,181)	(382,397)	(389,532)	(404,612)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,291,778	\$1,317,282	\$1,332,090	\$1,305,170	\$1,290,468	\$1,271,938

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SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Six Months Ended June 30, 2000

	January	February	March	April	May	June	Year-to-Date
Revenue							
Gas sales	\$ 79,096	\$ 67,779	\$ 39,374	\$ 28,044	\$ 14,688	\$ 11,561	\$ 240,542
NSF charge	0	0	10	0	0	0	10
Penalties	2,206	1,860	2,174	1,307	1,180	743	9,470
Temporary service charge	15	65	140	70	210	175	675
Sales tax commission	15	13	7	6	4	4	50
Total revenue	81,332	69,717	41,705	29,427	16,082	12,483	250,747
Expenses							
Gas purchases	38,212	31,967	17,771	11,980	4,133	2,831	106,893
Compressor station power	34	0	0	0	0	0	34
Supervision	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Mains and service labor	912	664	740	652	848	668	4,484
Service supplies & expenses	0	569	15	0	231	50	865
Contract labor	150	684	50	100	813	1,738	3,535
Maintenance of meters	0	0	15	0	0	335	350
Meter reading labor	912	680	724	592	832	676	4,416
Acctg. & collecting labor	1,300	1,120	1,120	1,280	1,500	1,120	7,440
Computer billing	136	139	189	618	136	132	1,350
General & admin. salaries	4,000	3,480	3,480	3,480	4,200	3,480	22,120
Office supplies & expenses	1,145	1,026	714	1,146	923	1,485	6,441
Outside services employed	0	0	168	0	0	0	168
Insurance	1,500	785	0	0	102	0	2,387
Employee Benefits	125	125	149	149	149	149	847
Miscellaneous general exp	452	82	421	100	0	867	1,922
Rents	725	600	600	600	600	600	3,725
Transportation expense	1,451	1,807	1,452	1,702	1,294	1,731	9,438
Interest - Meter deposits	323	325	324	321	319	311	1,924
Interest - Other	65	130	144	115	190	171	816
Interest - KISU	2,360	2,208	2,360	2,284	2,360	2,284	13,857
Interest - ARG	105	98	105	101	105	101	615
Depreciation	3,698	3,699	3,700	3,700	3,700	3,700	22,197
Amort of organization costs	127	127	127	127	127	127	762
Payroll tax expense	621	531	1,173	536	641	948	4,450

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SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Six Months Ended June 30, 2000

	January	February	March	April	May	June	Year-to-Date
Public Serv Comm Assessment	0	0	0	0	0	751	751
Taxes other than income	0	0	0	0	0	3,256	3,256
Total expenses	59,353	51,846	36,541	30,583	24,203	28,511	231,043
Income from operations	21,979	17,871	5,164	(1,156)	(8,121)	(16,028)	19,704
Other income							
Other income	1,851	0	0	0	0	0	1,851
Transfer fees	0	0	0	0	35	0	35
Amort of acquisition adjustment	909	909	909	909	909	909	5,454
Interest income	33	33	37	34	41	38	216
Total other income	2,796	943	945	943	986	948	7,553
Net income	\$ 24,775	\$ 18,814	\$ 6,109	\$ (213)	\$ (7,135)	\$ (15,080)	\$ 27,257

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SIGMA GAS CORPORATION
BALANCE SHEET
JUNE 30, 2000

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PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$	59,394.88
Cash in bank - CNB		18,593.45
Customer accounts receivable		26,028.58
		<hr/>
Total Current Assets	\$	104,016.91
Property, Plant and Equipment		
Mains		1,599,112.19
Compressor station equipment		14,580.00
Meters		55,654.15
Meter installation		10,502.00
Office furniture & equipment		3,768.82
Power operated equipment		12,704.42
Organization costs		38,045.00
Accumulated depreciation		(371,590.62)
Gas plant acquisition adjustment		(272,751.80)
Gas plant acquisition amortization		70,902.00
		<hr/>
Total Property Plant and Equipment		1,160,926.16
Other Assets		
Utility deposits		1,753.89
Prepaid gas costs		5,240.49
		<hr/>
Total Other Assets		6,994.38
		<hr/>
TOTAL ASSETS	\$	<u>1,271,937.45</u>

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SIGMA GAS CORPORATION
BALANCE SHEET
JUNE 30, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	322,829.02
Customer deposits		62,184.00
Accrued interest-deposits		5,681.57
FICA		861.66
Federal withholding		870.00
Kentucky withholding		339.18
SUI/FUTA		415.98
Medicare		201.37
School tax		294.25
Sales tax		213.50
Accrued refund of penalties		11,301.22
		<hr/>
Total Current Liabilities	\$	405,191.75
Long Term Liabilities		
Note payable - DLG		1,258,419.00
Note payable - ARG		12,939.07
		<hr/>
Total Long Term Liabilities		1,271,358.07
		<hr/>
Total Liabilities		1,676,549.82
Capital		
Accum. adj. - WM. G. CONL		(182,964.50)
Current Earnings		12,269.37
Accum. adj. - BARKLEY STU		(182,964.50)
Current Earnings		12,269.37
Accum. adj. - ESTILL B. B		(65,948.61)
Current Earnings		2,726.50
		<hr/>
Total Capital		(404,612.37)
		<hr/>
TOTAL LIABILITIES AND CAPITAL	\$	<u>1,271,937.45</u>

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SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenue						
Gas sales	\$ 11,561.58	92.6	\$ 240,542.71	95.9		
NSF charge	0.00	0.0	10.00	0.0		
Penalties	743.26	6.0	9,470.25	3.8		
Temporary service charge	175.00	1.4	675.00	0.3		
Sales tax commission	3.80	0.0	49.97	0.0		
Total Revenue	12,483.64	100.0	250,747.93	100.0		
Expenses						
Gas purchases	2,830.30	22.7	106,892.52	42.6		
Compressor station power	0.00	0.0	34.17	0.0		
Supervision	1,000.00	8.0	6,000.00	2.4		
Mains and service labor	668.00	5.4	4,484.00	1.8		
Service supplies & expenses	50.47	0.4	864.93	0.3		
Contract labor	1,738.00	13.9	3,534.50	1.4		
Maintenance of meters	334.96	2.7	349.96	0.1		
Meter reading labor	676.00	5.4	4,416.00	1.8		
Acctg. & collecting labor	1,120.00	9.0	7,440.00	3.0		
Computer billing	131.94	1.1	1,349.68	0.5		
General & admin. salaries	3,480.00	27.9	22,120.00	8.8		
Office supplies & expenses	1,485.69	11.9	6,439.93	2.6		
Outside services employed	0.00	0.0	168.35	0.1		
Insurance	0.00	0.0	2,386.50	1.0		
Employee Benefits	149.37	1.2	846.72	0.3		
Miscellaneous general exp	867.10	6.9	1,921.61	0.8		
Rents	600.00	4.8	3,725.00	1.5		
Transportation expense	1,730.32	13.9	9,437.36	3.8		
Interest - Meter deposits	310.92	2.5	1,924.02	0.8		
Interest - Other	170.62	1.4	816.08	0.3		
Interest - KISU	2,284.11	18.3	13,856.95	5.5		
Interest - ARG	101.29	0.8	614.51	0.2		
Depreciation	3,700.00	29.6	22,197.10	8.9		
Amort of organization costs	127.00	1.0	762.00	0.3		
Payroll tax expense	947.78	7.6	4,450.03	1.8		
Public Serv Comm Assessment	751.07	6.0	751.07	0.3		
Taxes other than income	3,255.85	26.1	3,255.85	1.3		
Total Expenses	28,510.79	228.4	231,038.84	92.1		
Income from Operations	(16,027.15)	(128.4)	19,709.09	7.9		
Other Income						
Other income	0.00	0.0	1,851.06	0.7		
Transfer fees	0.00	0.0	35.00	0.0		
Amort of acquisition adjustment	909.00	7.3	5,454.00	2.2		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE SIX MONTHS ENDED JUNE 30, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest income	38.13	0.3	216.09		0.1	
Total Other Income	<u>947.13</u>	<u>7.6</u>	<u>7,556.15</u>		<u>3.0</u>	
Net Income	<u>\$ (15,080.02)</u>	<u>(120.8)</u>	<u>\$ 27,265.24</u>		<u>10.9</u>	

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the six months ended June 30, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$(15,080.02)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,918.00
Interest	(38.13)
Changes in operating assets and liabilities	
Decrease in accounts receivable	2,838.66
Decrease in accounts payable	(722.92)
Decrease in other current liabilities	<u>(2,828.48)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$(12,912.89)
INVESTING ACTIVITIES	
Interest	<u>\$ 38.13</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ 38.13
FINANCING ACTIVITIES	
Interest on long term debt	<u>\$ 101.29</u>
NET CASH USED IN FINANCING ACTIVITIES	\$ 101.29
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$(12,773.47)
CASH, BEGINNING BALANCE	<u>\$ 90,761.80</u>
CASH, ENDING BALANCE	\$ 77,988.33
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 452.49

SIGMA GAS CORPORATION
BALANCE SHEET
MAY 31, 2000

RECEIVED
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PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$	72,206.48
Cash in bank - CNB		18,555.32
Customer accounts receivable		28,867.24
		<hr/>
Total Current Assets		\$ 119,629.04
Property, Plant and Equipment		
Mains		1,599,112.19
Compressor station equipment		14,580.00
Meters		55,654.15
Meter installation		10,502.00
Office furniture & equipment		3,768.82
Power operated equipment		12,704.42
Organization costs		38,045.00
Accumulated depreciation		(367,763.62)
Gas plant acquisition adjustment		(272,751.80)
Gas plant acquisition amortization		69,993.00
		<hr/>
Total Property Plant and Equipment		1,163,844.16
Other Assets		
Utility deposits		1,753.89
Prepaid gas costs		5,240.49
		<hr/>
Total Other Assets		6,994.38
		<hr/>
TOTAL ASSETS		\$ 1,290,467.58
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SIGMA GAS CORPORATION
BALANCE SHEET
MAY 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 323,551.94	
Customer deposits	63,784.00	
Accrued interest-deposits	5,788.14	
FICA	1,039.12	
Federal withholding	1,012.00	
Kentucky withholding	411.77	
Medicare	243.02	
School tax	379.24	
Sales tax	251.12	
Accrued refund of penalties	12,282.80	
Total Current Liabilities		\$ 408,743.15
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Note payable - ARG	12,837.78	
Total Long Term Liabilities		1,271,256.78
Total Liabilities		1,679,999.93
Capital		
Accum. adj. - WM. G. CONL	(182,964.50)	
Current Earnings	19,055.37	
Accum. adj. - BARKLEY STU	(182,964.50)	
Current Earnings	19,055.37	
Accum. adj. - ESTILL B. B	(65,948.61)	
Current Earnings	4,234.52	
Total Capital		(389,532.35)
TOTAL LIABILITIES AND CAPITAL		\$ 1,290,467.58

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SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FIVE MONTHS ENDED MAY 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 14,688.34	91.3	\$ 228,981.13	96.1
NSF charge	0.00	0.0	10.00	0.0
Penalties	1,179.91	7.3	8,726.99	3.7
Temporary service charge	210.00	1.3	500.00	0.2
Sales tax commission	4.48	0.0	46.17	0.0
Total Revenue	<u>16,082.73</u>	<u>100.0</u>	<u>238,264.29</u>	<u>100.0</u>
Expenses				
Gas purchases	4,132.30	25.7	104,062.22	43.7
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	6.2	5,000.00	2.1
Mains and service labor	848.00	5.3	3,816.00	1.6
Service supplies & expenses	230.98	1.4	814.46	0.3
Contract labor	813.00	5.1	1,796.50	0.8
Maintenance of meters	0.00	0.0	15.00	0.0
Meter reading labor	832.00	5.2	3,740.00	1.6
Acctg. & collecting labor	1,500.00	9.3	6,320.00	2.7
Computer billing	136.26	0.8	1,217.74	0.5
General & admin. salaries	4,200.00	26.1	18,640.00	7.8
Office supplies & expenses	922.90	5.7	4,954.24	2.1
Outside services employed	0.00	0.0	168.35	0.1
Insurance	101.50	0.6	2,386.50	1.0
Employee Benefits	149.37	0.9	697.35	0.3
Miscellaneous general exp	0.00	0.0	1,054.51	0.4
Rents	600.00	3.7	3,125.00	1.3
Transportation expense	1,294.61	8.0	7,707.04	3.2
Interest - Meter deposits	318.92	2.0	1,613.10	0.7
Interest - Other	190.19	1.2	645.46	0.3
Interest - KISU	2,360.25	14.7	11,572.84	4.9
Interest - ARG	104.67	0.7	513.22	0.2
Depreciation	3,700.00	23.0	18,497.10	7.8
Amort of organization costs	127.00	0.8	635.00	0.3
Payroll tax expense	641.06	4.0	3,502.25	1.5
Total Expenses	<u>24,203.01</u>	<u>150.5</u>	<u>202,528.05</u>	<u>85.0</u>
Income from Operations	<u>(8,120.28)</u>	<u>(50.5)</u>	<u>35,736.24</u>	<u>15.0</u>
Other Income				
Other income	0.00	0.0	1,851.06	0.8
Transfer fees	35.00	0.2	35.00	0.0
Amort of acquisition adjustment	909.00	5.7	4,545.00	1.9
Interest income	41.22	0.3	177.96	0.1

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FIVE MONTHS ENDED MAY 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Total Other Income	<u>985.22</u>	<u>6.1</u>	<u>6,609.02</u>	<u>2.8</u>
Net Income	<u>\$ (7,135.06)</u>	<u>(44.4)</u>	<u>\$ 42,345.26</u>	<u>17.8</u>

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the five months ended May 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$(7,135.06)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,918.00
Interest	(41.22)
Changes in operating assets and liabilities	
Decrease in accounts receivable	15,948.14
Increase in prepaid expenses	(2,070.79)
Decrease in accounts payable	(5,570.67)
Decrease in other current liabilities	<u>(2,101.17)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,947.23
INVESTING ACTIVITIES	
Interest	\$ 41.22
Purchase of mains	<u>(212.00)</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(170.78)
FINANCING ACTIVITIES	
Interest on long term debt	<u>\$ 104.67</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>\$ 104.67</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,881.12
CASH, BEGINNING BALANCE	<u>\$ 88,880.68</u>
CASH, ENDING BALANCE	\$ 90,761.80
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 7.36

SIGMA GAS CORPORATION
BALANCE SHEET
APRIL 30, 2000

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ASSETS

Current Assets		
Cash in bank - checking	\$	70,966.58
Cash in bank - CNB		17,914.10
Customer accounts receivable		44,815.38
		<hr/>
Total Current Assets	\$	133,696.06
Property, Plant and Equipment		
Mains		1,598,900.19
Compressor station equipment		14,580.00
Meters		55,654.15
Meter installation		10,502.00
Office furniture & equipment		3,768.82
Power operated equipment		12,704.42
Organization costs		38,045.00
Accumulated depreciation		(363,936.62)
Gas plant acquisition adjustment		(272,751.80)
Gas plant acquisition amortization		69,084.00
		<hr/>
Total Property Plant and Equipment		1,166,550.16
Other Assets		
Utility deposits		1,753.89
Prepaid gas costs		3,169.70
		<hr/>
Total Other Assets		4,923.59
		<hr/>
TOTAL ASSETS	\$	<u>1,305,169.81</u>

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SIGMA GAS CORPORATION
BALANCE SHEET
APRIL 30, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	329,122.61
Customer deposits		64,184.00
Accrued interest-deposits		5,476.58
FICA		868.50
Federal withholding		872.00
Kentucky withholding		341.26
Medicare		203.12
School tax		771.06
Sales tax		327.71
Accrued refund of penalties		14,248.15
		<hr/>
Total Current Liabilities	\$	416,414.99
Long Term Liabilities		
Note payable - DLG		1,258,419.00
Note payable - ARG		12,733.11
		<hr/>
Total Long Term Liabilities		1,271,152.11
		<hr/>
Total Liabilities		1,687,567.10
Capital		
Accum. adj. - WM. G. CONL	(182,964.50)	
Current Earnings	22,266.14	
Accum. adj. - BARKLEY STU	(182,964.50)	
Current Earnings	22,266.14	
Accum. adj. - ESTILL B. B	(65,948.61)	
Current Earnings	4,948.04	
	<hr/>	
Total Capital		(382,397.29)
TOTAL LIABILITIES AND CAPITAL	\$	<u><u>1,305,169.81</u></u>

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SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FOUR MONTHS ENDED APRIL 30, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 28,043.15	95.3	\$ 214,292.79	96.4
NSF charge	0.00	0.0	10.00	0.0
Penalties	1,306.58	4.4	7,547.08	3.4
Temporary service charge	70.00	0.2	290.00	0.1
Sales tax commission	5.84	0.0	41.69	0.0
Total Revenue	29,425.57	100.0	222,181.56	100.0
Expenses				
Gas purchases	11,980.05	40.7	99,929.92	45.0
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	3.4	4,000.00	1.8
Mains and service labor	652.00	2.2	2,968.00	1.3
Service supplies & expenses	0.00	0.0	583.48	0.3
Contract labor	100.00	0.3	983.50	0.4
Maintenance of meters	0.00	0.0	15.00	0.0
Meter reading labor	592.00	2.0	2,908.00	1.3
Acctg. & collecting labor	1,280.00	4.3	4,820.00	2.2
Computer billing	617.84	2.1	1,081.48	0.5
General & admin. salaries	3,480.00	11.8	14,440.00	6.5
Office supplies & expenses	1,146.37	3.9	4,031.34	1.8
Outside services employed	0.00	0.0	168.35	0.1
Insurance	0.00	0.0	2,285.00	1.0
Employee Benefits	149.37	0.5	547.98	0.2
Miscellaneous general exp	100.00	0.3	1,054.51	0.5
Rents	600.00	2.0	2,525.00	1.1
Transportation expense	1,702.03	5.8	6,412.43	2.9
Interest - Meter deposits	320.92	1.1	1,294.18	0.6
Interest - Other	115.39	0.4	455.27	0.2
Interest - KISU	2,284.11	7.8	9,212.59	4.1
Interest - ARG	101.29	0.3	408.55	0.2
Depreciation	3,700.00	12.6	14,797.10	6.7
Amort of organization costs	127.00	0.4	508.00	0.2
Payroll tax expense	535.81	1.8	2,861.19	1.3
Total Expenses	30,584.18	103.9	178,325.04	80.3
Income from Operations	(1,158.61)	(3.9)	43,856.52	19.7
Other Income				
Other income	0.00	0.0	1,851.06	0.8
Amort of acquisition adjustment	909.00	3.1	3,636.00	1.6
Interest income	33.81	0.1	136.74	0.1
Total Other Income	942.81	3.2	5,623.80	2.5

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FOUR MONTHS ENDED APRIL 30, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Net Income	\$ (215.80)	(0.7)	\$ 49,480.32	22.3		

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the four months ended April 30, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$(215.80)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,918.00
Interest	(33.81)
Changes in operating assets and liabilities	
Decrease in accounts receivable	9,349.58
Increase in prepaid expenses	(1,383.30)
Decrease in accounts payable	(25,389.05)
Decrease in other current liabilities	<u>(1,416.39)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,170.77
INVESTING ACTIVITIES	
Interest	<u>\$ 33.81</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ 33.81
FINANCING ACTIVITIES	
Interest on long term debt	<u>\$ 101.29</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>\$ 101.29</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$(16,035.67)
CASH, BEGINNING BALANCE	<u>\$104,916.35</u>
CASH, ENDING BALANCE	\$ 88,880.68
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ -0-

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the three months ended March 31, 2000

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	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$ 6,110.73
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,917.98
Interest	(36.89)
Changes in operating assets and liabilities	
Decrease in accounts receivable	29,943.99
Increase in prepaid expenses	(1,786.40)
Increase in accounts payable	11,044.02
Decrease in other current liabilities	<u>(2,451.87)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 45,741.56
INVESTING ACTIVITIES	
Interest	<u>\$ 36.89</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ 36.89
FINANCING ACTIVITIES	
Interest on long term debt	<u>\$ 104.67</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>\$ 104.67</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 45,883.12
CASH, BEGINNING BALANCE	<u>\$ 59,033.23</u>
CASH, ENDING BALANCE	\$104,916.35
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 35.00

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the two months ended February 29, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$18,814.06
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,917.42
Interest	(33.04)
Changes in operating assets and liabilities	
Decrease in accounts receivable	1,355.27
Decrease in prepaid expenses	4,561.26
Increase in accounts payable	6,654.05
Decrease in other current liabilities	(61.27)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 34,207.75
INVESTING ACTIVITIES	
Interest	\$ 33.04
Purchase of mains and meters	<u>\$ (3,897.25)</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (3,864.21)
FINANCING ACTIVITIES	
Interest on long term debt	<u>\$ 97.92</u>
NET CASH USED IN FINANCING ACTIVITIES	\$ 97.92
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 30,441.46
CASH, BEGINNING BALANCE	<u>\$ 28,591.77</u>
CASH, ENDING BALANCE	\$ 59,033.23
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ -0-

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SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the one month ended January 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$24,771.33
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,915.70
Interest	(33.00)
Changes in operating assets and liabilities	
Increase in accounts receivable	(14,601.47)
Decrease in prepaid expenses	11,001.42
Decrease in accounts payable	(9,472.75)
Decrease in other current liabilities	<u>(21,769.05)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (7,187.82)
INVESTING ACTIVITIES	
Interest	\$ 33.00
Purchase of meters	<u>\$ (291.66)</u>
NET CASH USED IN INVESTING ACTIVITIES	\$ (258.66)
FINANCING ACTIVITIES	
Interest on long term debt	<u>\$ 104.67</u>
NET CASH USED IN FINANCING ACTIVITIES	\$ 104.67
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (7,341.81)
CASH, BEGINNING BALANCE	\$ <u>35,933.58</u>
CASH, ENDING BALANCE	\$ 28,591.77
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 6,178.87

SIGMA GAS CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

Directors
Estill Branham
Barkley Sturgill
Estate of Grady Conley

Phone (606) 349-1505
Facsimile (606) 886-2315

December 1, 2000

Thomas Dorman
Executive Director
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

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Re: Case No. 99-074

Dear Mr. Dorman:

Enclosed please find the financial statements, including comparative financial statements, of Sigma Gas Corporation for the nine months of year 2000. Financial statements for the first six months have also been included due to revisions made to reflect Public Service Commission audit adjustments as of December 31, 1998.

I apologize for the late filing of these financial statements in accordance with Case No. 99-074. Upon finalization of the calendar year 1998 Public Service Commission audit I was able to complete the Annual Report for 1999 and revise the financial statements of Sigma. Therefore, I do not anticipate any future problems which would hinder a timely filing.

I have also enclosed policies and procedures adopted by Sigma on "Related Party Transactions" and examples of the system chosen to organize and maintain fixed asset records.

If you have any questions please do not hesitate to contact me at the numbers or address listed above.

Sincerely,



Susan A. Crum
Accounting Department

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2000

	January	February	March	April	May	June	July	August	September
CURRENT ASSETS									
Cash in bank - checking	\$ 13,041	\$ 42,450	\$ 87,896	\$ 71,427	\$ 72,666	\$ 59,855	\$ 55,927	\$ 40,418	\$ 36,732
Cash in bank - CNB	16,010	17,043	17,480	17,914	18,555	18,593	18,733	18,973	19,308
Customer accounts receivable	83,916	82,919	52,975	43,625	27,677	24,838	19,939	20,180	19,281
Accounts receivable-other	359	0	0	0	1	1	0	0	(1)
TOTAL CURRENT ASSETS	113,326	142,412	158,351	132,966	118,899	103,287	94,599	79,571	75,320
PROPERTY AND EQUIPMENT									
Utility Plant in Service	1,664,673	1,668,570	1,668,570	1,668,570	1,668,782	1,668,782	1,669,295	1,669,295	1,676,092
Accumulated depreciation	(345,098)	(348,925)	(352,752)	(356,579)	(360,406)	(364,233)	(368,060)	(371,887)	(375,716)
Gas plant acquisition adjustment	(206,395)	(205,485)	(204,576)	(203,667)	(202,758)	(201,849)	(200,940)	(200,031)	(199,123)
TOTAL PROPERTY AND EQUIPMENT	1,113,180	1,114,160	1,111,242	1,108,324	1,105,618	1,102,700	1,100,295	1,097,377	1,101,253
OTHER ASSETS									
Other deferred debits	3,979	3,979	3,979	3,979	3,979	3,979	3,979	3,979	3,581
Utility deposits	250	250	250	250	250	250	250	250	250
Prepaid Insurance	0	0	0	0	0	0	0	1,273	1,157
Prepaid gas costs	4,561	0	1,786	3,170	5,240	5,240	7,533	11,095	14,254
Nonutility Plant	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584	65,584
Accum depr - nonutility	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)	(11,741)
TOTAL OTHER ASSETS	62,633	58,072	59,858	61,242	63,312	63,312	65,605	70,440	73,085
TOTAL ASSETS	\$1,289,139	\$1,314,644	\$1,329,451	\$1,302,532	\$1,287,829	\$1,269,299	\$1,260,499	\$1,247,388	\$1,249,658

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SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
2000

	January	February	March	April	May	June	July	August	September
CURRENT LIABILITIES & SHAREHOLDERS' EQUITY									
CURRENT LIABILITIES									
Accounts payable - current	\$ 46,378	\$ 50,824	\$ 59,508	\$ 31,835	\$ 23,904	\$ 20,897	\$ 27,399	\$ 25,874	\$ 39,049
Notes payable	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128	253,128
Customer deposits	65,502	65,902	65,702	65,002	64,602	63,002	62,502	62,702	62,702
Accrued interest	48,723	51,487	53,926	56,360	58,460	60,467	62,427	64,781	67,009
Accrued taxes	5,709	4,921	4,421	3,384	3,336	3,196	3,148	2,779	2,736
Accrued refund of penalties	16,324	16,325	14,248	14,248	12,283	11,301	10,157	8,816	7,794
TOTAL CURRENT LIABILITIES	435,764	442,587	450,933	423,957	415,713	411,991	418,761	418,080	432,418
LONG TERM LIABILITIES									
LONG TERM LIABILITIES									
Note payable - DLG	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LONG TERM LIABILITIES	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419	1,258,419
TOTAL LIABILITIES	1,694,183	1,701,006	1,709,352	1,682,376	1,674,132	1,670,410	1,677,180	1,676,499	1,690,837
SHAREHOLDERS' EQUITY									
SHAREHOLDERS' EQUITY									
Accum. adj. - WM. G. CONL	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)
Current Earnings	11,305	19,712	22,620	22,644	19,739	13,076	6,067	475	(4,957)
Accum. adj. - BARKLEY STU	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)	(179,098)
Current Earnings	11,305	19,712	22,620	22,644	19,739	13,076	6,067	475	(4,957)
Accum. adj. - ESTILL B. B	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)	(71,970)
Current Earnings	2,513	4,380	5,026	5,034	4,386	2,904	1,351	105	(1,099)
TOTAL SHAREHOLDERS' EQUITY	(405,043)	(386,362)	(379,900)	(379,844)	(386,302)	(401,110)	(416,681)	(429,111)	(441,179)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,289,140	\$1,314,644	\$1,329,452	\$1,302,532	\$1,287,830	\$1,269,300	\$1,260,499	\$1,247,388	\$1,249,658

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Nine Months Ended September 30, 2000

	January	February	March	April	May	June	July	August	September	Year-to-Date
Revenue										
Gas sales	\$ 79,096	\$ 67,779	\$ 39,374	\$ 28,044	\$ 14,688	\$ 11,561	\$ 12,407	\$ 11,627	\$ 12,028	\$ 276,605
NSF charge	0	0	10	0	0	0	10	0	0	20
Reconnect fees	0	0	0	0	0	0	0	35	260	295
Penalties	2,206	1,860	2,174	1,307	1,180	743	511	491	371	10,843
Temporary service charge	15	65	140	70	210	175	0	0	0	675
Sales tax commission	15	13	7	6	4	4	4	4	4	63
Total revenue	81,332	69,717	41,705	29,427	16,082	12,483	12,932	12,157	12,663	288,501
Expenses										
Gas purchases	38,212	31,967	17,771	11,980	4,133	2,831	2,628	2,244	3,090	114,854
Compressor station power	34	0	0	0	0	0	0	0	0	34
Supervision	1,000	1,000	1,000	1,000	1,000	1,000	1,000	0	0	7,000
Mains and service labor	912	664	740	652	848	668	862	474	1,344	7,164
Service supplies & expenses	0	569	15	0	231	50	389	1,907	1,012	4,173
Contract labor	150	684	50	100	813	1,738	1,667	994	278	6,474
Maintenance of meters	0	0	15	0	0	335	0	0	0	350
Meter reading labor	912	680	724	592	832	676	808	450	1,456	7,130
Acctg. & collecting labor	1,300	1,120	1,120	1,280	1,500	1,120	1,300	2,120	1,120	11,980
Computer billing	136	139	189	618	136	132	134	136	135	1,755
General & admin. salaries	4,000	3,480	3,480	3,480	4,200	3,480	4,000	3,800	2,600	32,520
Office supplies & expenses	1,145	1,026	714	1,146	923	1,485	1,290	1,448	958	10,137
Outside services employed	0	0	168	0	0	0	4,285	2,307	2,491	9,251
Insurance	1,500	785	0	0	102	0	512	116	(432)	2,582
Employee Benefits	125	125	149	149	149	149	149	149	149	1,295
Miscellaneous general exp	452	82	421	100	0	867	0	0	269	2,191
RD	725	600	600	600	600	600	600	600	600	5,525
Transportation expense	1,451	1,807	1,452	1,702	1,294	1,731	2,833	1,811	1,634	15,715
Interest - Meter deposits	328	655	329	325	(2)	315	313	314	314	2,888
Interest - Other	65	130	144	115	190	171	132	208	137	1,293
Interest - KISU	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075	18,673
Interest - ARG	35	35	35	35	35	35	35	35	35	311
Depreciation	3,698	3,699	3,700	3,700	3,700	3,700	3,700	3,700	3,703	33,300
Amort of organization costs	127	127	127	127	127	127	127	127	127	1,143

See Accountant's Compilation Report

SIGMA GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME
For The Nine Months Ended September 30, 2000

	January	February	March	April	May	June	July	August	September	Year-to-Date
Payroll tax expense	621	531	1,173	536	641	948	611	524	570	6,155
Public Serv Comm Assessment	0	0	0	0	0	751	0	0	2,015	2,766
Taxes other than income	0	0	0	0	0	3,256	0	0	0	3,256
Total expenses	59,003	51,980	36,191	30,312	23,527	28,240	29,450	25,539	25,680	309,915
Income from operations	22,329	17,737	5,514	(885)	(7,445)	(15,757)	(16,518)	(13,382)	(13,017)	(21,414)
Other income										
Other income	1,851	0	0	0	0	0	0	0	0	1,851
Transfer fees	0	0	0	0	35	0	0	0	0	35
Amort of acquisition adjustment	909	909	909	909	909	909	909	909	909	8,181
Interest income	33	33	37	34	41	38	40	40	38	333
Total other income	2,794	942	944	942	985	947	950	948	943	10,398
Net income	\$ 25,123	\$ 18,679	\$ 6,458	\$ 57	\$ (6,460)	\$ (14,810)	\$ (15,568)	\$ (12,434)	\$ (12,074)	\$ (11,016)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
FEBRUARY 29, 2000

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PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$ 42,449.83	
Cash in bank - CNB	17,043.40	
Customer accounts receivable	82,918.80	
Total Current Assets		\$ 142,412.03
Property, Plant and Equipment		
Utility Plant in Service	1,668,570.58	
Accumulated depreciation	(348,924.74)	
Gas plant acquisition adjustment	(205,485.80)	
Total Property Plant and Equipment		1,114,160.04
Other Assets		
Other deferred debits	3,979.00	
Utility deposits	250.00	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(11,741.00)	
Total Other Assets		58,072.00
TOTAL ASSETS		\$ 1,314,644.07

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
FEBRUARY 29, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 50,824.45	
Notes payable	253,127.60	
Customer deposits	65,901.92	
Accrued interest	51,488.00	
Accrued taxes	4,921.88	
Accrued refund of penalties	16,323.52	
	<hr/>	
Total Current Liabilities		\$ 442,587.37
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,701,006.37
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	19,711.72	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	19,711.72	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	4,380.39	
	<hr/>	
Total Capital		(386,362.30)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,314,644.07
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWO MONTHS ENDED FEBRUARY 29, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E
	Amount	Percent	Amount	Percent	Percent
Revenue					
Gas sales	\$ 67,779.19	97.2	\$ 146,875.52	97.2	
Penalties	1,860.30	2.7	4,066.58	2.7	
Temporary service charge	65.00	0.1	80.00	0.1	
Sales tax commission	13.27	0.0	28.71	0.0	
	<u>69,717.76</u>	<u>100.0</u>	<u>151,050.81</u>	<u>100.0</u>	
Expenses					
Gas purchases	31,967.42	45.9	70,179.04	46.5	
Compressor station power	0.00	0.0	34.17	0.0	
Supervision	1,000.00	1.4	2,000.00	1.3	
Mains and service labor	664.00	1.0	1,576.00	1.0	
Service supplies & expenses	568.85	0.8	568.85	0.4	
Contract labor	683.50	1.0	833.50	0.6	
Meter reading labor	680.00	1.0	1,592.00	1.1	
Acctg. & collecting labor	1,120.00	1.6	2,420.00	1.6	
Computer billing	138.60	0.2	274.86	0.2	
General & admin. salaries	3,480.00	5.0	7,480.00	5.0	
Office supplies & expenses	1,025.95	1.5	2,171.22	1.4	
Insurance	785.00	1.1	2,285.00	1.5	
Employee Benefits	124.62	0.2	249.24	0.2	
Miscellaneous general exp	81.60	0.1	533.86	0.4	
Rents	600.00	0.9	1,325.00	0.9	
Transportation expense	1,807.16	2.6	3,258.82	2.2	
Interest - Meter deposits	654.93	0.9	982.44	0.7	
Interest - Other	130.10	0.2	195.50	0.1	
Interest - KISU	2,074.80	3.0	4,149.60	2.7	
Interest - ARG	34.59	0.0	69.18	0.0	
Depreciation	3,699.42	5.3	7,397.12	4.9	
Amort of organization costs	127.00	0.2	254.00	0.2	
Payroll tax expense	531.20	0.8	1,152.68	0.8	
	<u>51,978.74</u>	<u>74.6</u>	<u>110,982.08</u>	<u>73.5</u>	
Income from Operations	<u>17,739.02</u>	<u>25.4</u>	<u>40,068.73</u>	<u>26.5</u>	
Other Income					
Other income	0.00	0.0	1,851.06	1.2	
Amort of acquisition adjustment	909.00	1.3	1,818.00	1.2	
Interest income	33.04	0.0	66.04	0.0	
	<u>942.04</u>	<u>1.4</u>	<u>3,735.10</u>	<u>2.5</u>	
Net Income	<u>\$ 18,681.06</u>	<u>26.8</u>	<u>\$ 43,803.83</u>	<u>29.0</u>	

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE TWO MONTHS ENDED FEBRUARY 29, 2000

C U R R E N T P E R I O D		Y E A R T O		D A T E	
Amount	Percent	Amount	Percent	Amount	Percent

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See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the two months ended February 29, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$18,681.06
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,917.42
Interest income	(33.04)
Changes in operating assets and liabilities	
Decrease in accounts receivable	5,916.53
Increase in accounts payable	4,446.07
Increase in other current liabilities	<u>2,377.63</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$34,305.67
INVESTING ACTIVITIES	
Interest income	33.04
Increase in plant	<u>(3,897.25)</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(3,864.21)
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
INCREASE IN CASH AND CASH EQUIVALENTS	\$30,441.46
CASH, BEGINNING BALANCE	<u>\$29,051.77</u>
CASH, ENDING BALANCE	\$59,493.23
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ -0-

SIGMA GAS CORPORATION
BALANCE SHEET
JANUARY 31, 2000

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PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$	13,041.41
Cash in bank - CNB		16,010.36
Customer accounts receivable		83,915.53
Accounts receivable-other		358.54
		<hr/>
Total Current Assets	\$	113,325.84
Property, Plant and Equipment		
Utility Plant in Service		1,664,673.33
Accumulated depreciation		(345,098.32)
Gas plant acquisition adjustment		(206,394.80)
		<hr/>
Total Property Plant and Equipment		1,113,180.21
Other Assets		
Other deferred debits		3,979.00
Utility deposits		250.00
Prepaid gas costs		4,561.26
Nonutility Plant		65,584.00
Accum depr - nonutility		(11,741.00)
		<hr/>
Total Other Assets		62,633.26
TOTAL ASSETS	\$	<u>1,289,139.31</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JANUARY 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 46,378.38	
Notes payable	253,127.60	
Customer deposits	65,501.92	
Accrued interest	48,723.68	
Accrued taxes	5,708.57	
Accrued refund of penalties	16,323.52	
	<hr/>	
Total Current Liabilities		\$ 435,763.67
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,694,182.67
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	11,305.25	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	11,305.25	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	2,512.27	
	<hr/>	
Total Capital		(405,043.36)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,289,139.31
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE ONE MONTH ENDED JANUARY 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 79,096.33	97.2	\$ 79,096.33	97.2
Penalties	2,206.28	2.7	2,206.28	2.7
Temporary service charge	15.00	0.0	15.00	0.0
Sales tax commission	15.44	0.0	15.44	0.0
Total Revenue	81,333.05	100.0	81,333.05	100.0
Expenses				
Gas purchases	38,211.62	47.0	38,211.62	47.0
Compressor station power	34.17	0.0	34.17	0.0
Supervision	1,000.00	1.2	1,000.00	1.2
Mains and service labor	912.00	1.1	912.00	1.1
Contract labor	150.00	0.2	150.00	0.2
Meter reading labor	912.00	1.1	912.00	1.1
Acctg. & collecting labor	1,300.00	1.6	1,300.00	1.6
Computer billing	136.26	0.2	136.26	0.2
General & admin. salaries	4,000.00	4.9	4,000.00	4.9
Office supplies & expenses	1,145.27	1.4	1,145.27	1.4
Insurance	1,500.00	1.8	1,500.00	1.8
Employee Benefits	124.62	0.2	124.62	0.2
Miscellaneous general exp	452.26	0.6	452.26	0.6
Rents	725.00	0.9	725.00	0.9
Transportation expense	1,451.66	1.8	1,451.66	1.8
Interest - Meter deposits	327.51	0.4	327.51	0.4
Interest - Other	65.40	0.1	65.40	0.1
Interest - KISU	2,074.80	2.6	2,074.80	2.6
Interest - ARG	34.59	0.0	34.59	0.0
Depreciation	3,697.70	4.5	3,697.70	4.5
Amort of organization costs	127.00	0.2	127.00	0.2
Payroll tax expense	621.48	0.8	621.48	0.8
Total Expenses	59,003.34	72.5	59,003.34	72.5
Income from Operations	22,329.71	27.5	22,329.71	27.5
Other Income				
Other income	1,851.06	2.3	1,851.06	2.3
Amort of acquisition adjustment	909.00	1.1	909.00	1.1
Interest income	33.00	0.0	33.00	0.0
Total Other Income	2,793.06	3.4	2,793.06	3.4
Net Income	\$ 25,122.77	30.9	\$ 25,122.77	30.9

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the one month ended January 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$25,122.77
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,915.70
Interest income	(33.00)
Changes in operating assets and liabilities	
Increase in accounts receivable	(3,600.05)
Decrease in accounts payable	(11,833.00)
Decrease in other current liabilities	<u>(19,655.57)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$(7,083.15)
INVESTING ACTIVITIES	
Interest income	33.00
Increase in plant	<u>(291.66)</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(258.66)
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
INCREASE IN CASH AND CASH EQUIVALENTS	\$(7,341.81)
CASH, BEGINNING BALANCE	<u>\$36,393.58</u>
CASH, ENDING BALANCE	\$29,051.77
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 6,143.87

Work Order No: 2000-01 Date Initiated: 5/1/00 Date Completed: 5/5/00

Connect/Disconnect Meter: _____ Meter Reread: _____ Meter Set: _____ Repair Line: _____ Service Line Extension: _____

Purpose and Description of Project: Extend line 1500 ft. on Oak Lane between the junctions of Highway 1010 and Smith Road. 6 new customers will be added on the new line.

Location: Oak Lane, between Hwy 1010 & Smith Rd. Meter sets at following addresses on Oak Ln: 3610, 3613, 3614, 3615, 3618, 3621

Work Performed By: Joe Smith, Bill Jones, Harry Johns

Date	Item	Materials			Labor			Other			USoA Account		
		Units	Rate	Amount	Units	Rate	Amount	Units	Rate	Amount			
5/1/00	3/4" pipe	1700'	.92	1564.00							376		
5/4/00	Meters	6	60.00	360.00							381		
5/4/00	Fittings for meter installations	6	20.00	120.00							382		
5/3/00	1 ton gravel	1	75.00	75.00							376		
5/1-2/00	16 hrs backhoe rental									16	40.00	640.00	376
5/1/00	2 men 8 hours - line ext				16	10.00	160.00					376	
5/2/00	2 men 8 hours - line ext				16	10.00	160.00					380	
5/3/00	2 men 3 hours - Service lines				6	10.00	60.00					382	
5/4/00	3 men 8 hours - Meter Sets				24	10.00	240.00					380	
5/5/00	2 men 4 hours - Service Lines				8	10.00	80.00					380	
5/3/00	1/2" pipe	180'	.84	100.80								380	
5/3/00	8 hrs backhoe rental - Service Line											380	
5/3/00	3/4" regulators	6	40.00	240.00						8	40.00	320.00	383

Work Order Total \$ 4119.80

USoA #	Amount	USoA #	Amount	USoA #	Amount
376	2599.00	382	360.00		
380	560.80	383	240.00		
381	360.00				

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Sigma Gas Corporation
Procedures for Transactions with Related Parties

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PUBLIC SERVICE
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1. A related party is defined as follows:
 - affiliates of Sigma Gas Corporation which includes companies owned by the owners or management of Sigma Gas Corporation or their immediate families
 - owners of Sigma Gas Corporation,
 - management of Sigma Gas Corporation,
 - members of the immediate families of owners and management
 - equity investees of Sigma Gas Corporation,
 - trusts for the benefit of employees,
 - other parties if one party controls or can significantly influence the management or operating policies of the other to the extent that one of the parties might be prevented from pursuing its own separate interest,
 - other parties that can significantly influence the management or operating policies of the transacting parties or that has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from pursuing its own separate interests.

KISU Service Company, Inc. and Auxier Road Gas Company are considered to be related parties for purposes of these procedures in addition to any other individual or entity that qualifies under the definition included above.

2. Any transaction for any dollar amount between Sigma Gas Corporation and a related party shall first be approved by the Board of Directors of Sigma Gas Corporation and such approval shall be reflected in the minutes of the meetings.
 - a. For transactions with a cost of \$10,000 or more, the bid process described in Item 3 shall apply.
 - b. For related party transactions that are approved by the Board of Directors, the charges shall be thoroughly explained and documented on an invoice or other request for payment.
 - i) For any construction work performed by or through a related party, the related party shall provide a copy of its work orders that detail the work performed. The work orders shall itemize the materials used, the labor charges incurred, and any other costs related to the project.
 - ii) For labor charges, the invoice shall document the names of the related party's employees providing the labor, the dates the services were provided, and the number of hours for each employee for each date. The invoice shall clearly state the type work being performed and the location of the work. A copy of the time sheets of the related party's employees that document the labor charges shall be attached to the invoice.

4. A written agreement clearly stating the terms for any equipment, materials and supplies, or facilities that are leased from a related party should be on file in the office of Sigma Gas Corporation. The lease agreement must be obtained in compliance with Section 1 of these procedures.
5. For any employees shared by Sigma Gas Corporation and one or more related entities, the time worked for each entity by each employee shall be clearly documented for each pay period. If it is not practicable to maintain time records for each pay period, the employee's time shall be allocated between the related entities in accordance with a documented time study.
6. If any of the assets of Sigma Gas Corporation are used for the business activities of a related party, the cost of the use of the asset shall be billed to the related party. The method of determining the cost shall be clearly established and included in the records of Sigma.
7. Transfers of assets, goods, and services between Sigma Gas Corporation and any related party shall be transacted in accordance with HB 897 when it becomes effective on July 14, 2000.
8. To the extent these procedures are in conflict with any statutes or regulations to which Sigma Gas Corporation is subject, Sigma will comply with the applicable statutes and regulations.
9. Sigma's purchase of natural gas from and through Auxier Road Gas Company shall be exempt from the requirements contained in these related party procedures but will not be exempt from any applicable statute or regulation.

- iii) For equipment rental, the invoice or an attachment shall clearly state the item of equipment, the date the equipment was used, the number of hours for each date if the item is billed on an hourly basis, and the location where the work is being performed. If the related party is also supplying the equipment operator, the name of the operator and the rate charged per hour for the operator shall be specified.
 - iv) For materials, supplies, or other assets provided, the original invoice documenting the related party's purchase of the item shall be attached to the invoice provided to Sigma Gas Corporation in order to justify the price being charged. Sigma Gas Corporation shall not purchase materials, supplies, or other assets from a related party unless the price it pays for the item is the same or less than if the item was purchased directly from an unrelated vendor.
 - c. In any transaction where Sigma Gas Corporation and one or more related parties share or benefit from the same materials and supplies, services, or facilities, the cost of the materials and supplies, services, or facilities shall be allocated in a fair and equitable manner between all the entities that benefit. The basis of any cost allocation shall be clearly reflected in the minutes of the Board of Directors' meetings. Additionally, the invoice or contractual agreement provided to Sigma Gas Corporation shall specify the total cost of the transaction; the names of all the entities that share or benefit from the materials and supplies, service, or facility; the allocation factor used to distribute the total cost to all the entities; and Sigma Gas Corporation's share of the cost.
- 3. For transactions where the cost is anticipated to be \$10,000 or more, Sigma Gas Corporation shall obtain bids for the item or service prior to obtaining it from a related party. The \$10,000 threshold shall apply to a single item or service or in the aggregate where multiple purchases are anticipated over a 12-month period.
 - a. Sigma Gas Corporation shall obtain bids from at least three unrelated vendors or contractors.
 - b. The specifications or requirements provided to the unrelated vendors or contractors shall be the same as those provided to the related parties.
 - c. The Board of Directors of Sigma Corporation shall evaluate the bids and award the contract to Sigma's greatest advantage considering price as well as quality-related factors.
 - d. A copy of all documents related to the bid process shall be appended to the minutes of the Board of Directors' meetings.

SIGMA GAS CORPORATION
BALANCE SHEET
AUGUST 31, 2000

ASSETS

Current Assets		
Cash in bank - checking	\$	40,418.20
Cash in bank - CNB		18,972.98
Customer accounts receivable		20,179.53
		<hr/>
Total Current Assets	\$	79,570.71
Property, Plant and Equipment		
Utility Plant in Service		1,669,295.80
Accumulated depreciation		(371,886.72)
Gas plant acquisition adjustment		(200,031.80)
		<hr/>
Total Property Plant and Equipment		1,097,377.28
Other Assets		
Other deferred debits		3,979.00
Utility deposits		250.00
Prepaid Insurance		1,272.76
Prepaid gas costs		11,094.84
Nonutility Plant		65,584.00
Accum depr - nonutility		(11,741.00)
		<hr/>
Total Other Assets		70,439.60
		<hr/>
TOTAL ASSETS	\$	<u>1,247,387.59</u>

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SIGMA GAS CORPORATION
BALANCE SHEET
AUGUST 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 25,873.60	
Notes payable	253,127.60	
Customer deposits	62,701.92	
Accrued interest	64,780.76	
Accrued taxes	2,779.09	
Accrued refund of penalties	8,817.06	
	<hr/>	
Total Current Liabilities		\$ 418,080.03
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,676,499.03
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	474.59	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	474.59	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	105.51	
	<hr/>	
Total Capital		(429,111.44)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,247,387.59
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE EIGHT MONTHS ENDED AUGUST 31, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E
	Amount	Percent	Amount	Percent	
Revenue					
Gas sales	\$ 11,627.02	95.6	\$ 264,576.69	95.9	
NSF charge	0.00	0.0	20.00	0.0	
Reconnect fees	35.00	0.3	35.00	0.0	
Penalties	491.41	4.0	10,472.21	3.8	
Temporary service charge	0.00	0.0	675.00	0.2	
Sales tax commission	4.20	0.0	58.64	0.0	
Total Revenue	12,157.63	100.0	275,837.54	100.0	
Expenses					
Gas purchases	2,243.60	18.5	111,764.02	40.5	
Compressor station power	0.00	0.0	34.17	0.0	
Supervision	0.00	0.0	7,000.00	2.5	
Mains and service labor	474.00	3.9	5,819.85	2.1	
Service supplies & expenses	1,907.45	15.7	3,161.33	1.1	
Contract labor	994.00	8.2	6,195.96	2.2	
Maintenance of meters	0.00	0.0	349.96	0.1	
Meter reading labor	450.00	3.7	5,674.00	2.1	
Acctg. & collecting labor	2,120.00	17.4	10,860.00	3.9	
Computer billing	135.90	1.1	1,620.04	0.6	
General & admin. salaries	3,800.00	31.3	29,920.00	10.8	
Office supplies & expenses	1,447.78	11.9	9,177.79	3.3	
Outside services employed	2,307.10	19.0	6,760.05	2.5	
Insurance	115.71	1.0	3,014.15	1.1	
Employee Benefits	149.37	1.2	1,145.46	0.4	
Miscellaneous general exp	0.00	0.0	1,921.61	0.7	
Rents	600.00	4.9	4,925.00	1.8	
Transportation expense	1,810.91	14.9	14,081.89	5.1	
Interest - Meter deposits	313.51	2.6	2,574.58	0.9	
Interest - Other	208.04	1.7	1,156.56	0.4	
Interest - KISU	2,074.80	17.1	16,598.40	6.0	
Interest - ARG	34.59	0.3	276.72	0.1	
Depreciation	3,700.00	30.4	29,597.10	10.7	
Amort of organization costs	127.00	1.0	1,016.00	0.4	
Payroll tax expense	523.55	4.3	5,584.97	2.0	
Public Serv Comm Assessment	0.00	0.0	751.07	0.3	
Taxes other than income	0.00	0.0	3,255.85	1.2	
Total Expenses	25,537.31	210.1	284,236.53	103.0	
Income from Operations	(13,379.68)	(110.1)	(8,398.99)	(3.0)	
Other Income					
Other income	0.00	0.0	1,851.06	0.7	
Transfer fees	0.00	0.0	35.00	0.0	
Amort of acquisition adjustment	909.00	7.5	7,272.00	2.6	

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE EIGHT MONTHS ENDED AUGUST 31, 2000

	C U R R E N T P E R I O D	Y E A R T O	D A T E
	Amount	Amount	Percent
Interest income	39.97	295.62	0.1
Total Other Income	948.97	9,453.68	3.4
Net Income	\$ (12,430.71)	\$ 1,054.69	0.4

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the eight months ended August 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$(12,430.71)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,918.00
Interest income	(39.97)
Changes in operating assets and liabilities	
Increase in accounts receivable	(240.26)
Increase in prepaid expenses	(4,835.03)
Decrease in accounts payable	(1,525.35)
Increase in other current liabilities	<u>844.61</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$(15,308.71)
INVESTING ACTIVITIES	
Interest income	<u>39.97</u>
NET CASH USED IN INVESTING ACTIVITIES	\$39.97
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$(15,268.74)
CASH, BEGINNING BALANCE	<u>\$ 74,659.92</u>
CASH, ENDING BALANCE	\$ 59,391.18
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 104.50

SIGMA GAS CORPORATION
BALANCE SHEET
JULY 31, 2000

RECEIVED

DEC 05 2000

PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$ 55,926.91	
Cash in bank - CNB	18,733.01	
Customer accounts receivable	19,939.27	
	<hr/>	
Total Current Assets		\$ 94,599.19
Property, Plant and Equipment		
Utility Plant in Service	1,669,295.80	
Accumulated depreciation	(368,059.72)	
Gas plant acquisition adjustment	(200,940.80)	
	<hr/>	
Total Property Plant and Equipment		1,100,295.28
Other Assets		
Other deferred debits	3,979.00	
Utility deposits	250.00	
Prepaid gas costs	7,532.57	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(11,741.00)	
	<hr/>	
Total Other Assets		65,604.57
		<hr/>
TOTAL ASSETS		\$ 1,260,499.04
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JULY 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 27,398.95	
Notes payable	253,127.60	
Customer deposits	62,501.92	
Accrued interest	62,427.36	
Accrued taxes	3,147.75	
Accrued refund of penalties	10,157.19	
	<hr/>	
Total Current Liabilities		\$ 418,760.77
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,677,179.77
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	6,068.42	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	6,068.42	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	1,348.56	
	<hr/>	
Total Capital		(416,680.73)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,260,499.04
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE SEVEN MONTHS ENDED JULY 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 12,406.96	95.9	\$ 252,949.67	95.9
NSF charge	10.00	0.1	20.00	0.0
Penalties	510.55	3.9	9,980.80	3.8
Temporary service charge	0.00	0.0	675.00	0.3
Sales tax commission	4.47	0.0	54.44	0.0
	<u>12,931.98</u>	<u>100.0</u>	<u>263,679.91</u>	<u>100.0</u>
Expenses				
Gas purchases	2,627.90	20.3	109,520.42	41.5
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	7.7	7,000.00	2.7
Mains and service labor	861.85	6.7	5,345.85	2.0
Service supplies & expenses	388.95	3.0	1,253.88	0.5
Contract labor	1,667.46	12.9	5,201.96	2.0
Maintenance of meters	0.00	0.0	349.96	0.1
Meter reading labor	808.00	6.2	5,224.00	2.0
Acctg. & collecting labor	1,300.00	10.1	8,740.00	3.3
Computer billing	134.46	1.0	1,484.14	0.6
General & admin. salaries	4,000.00	30.9	26,120.00	9.9
Office supplies & expenses	1,290.08	10.0	7,730.01	2.9
Outside services employed	4,284.60	33.1	4,452.95	1.7
Insurance	511.94	4.0	2,898.44	1.1
Employee Benefits	149.37	1.2	996.09	0.4
Miscellaneous general exp	0.00	0.0	1,921.61	0.7
Rents	600.00	4.6	4,325.00	1.6
Transportation expense	2,833.62	21.9	12,270.98	4.7
Interest - Meter deposits	312.51	2.4	2,261.07	0.9
Interest - Other	132.44	1.0	948.52	0.4
Interest - KISU	2,074.80	16.0	14,523.60	5.5
Interest - ARG	34.59	0.3	242.13	0.1
Depreciation	3,700.00	28.6	25,897.10	9.8
Amort of organization costs	127.00	1.0	889.00	0.3
Payroll tax expense	611.39	4.7	5,061.42	1.9
Public Serv Comm Assessment	0.00	0.0	751.07	0.3
Taxes other than income	0.00	0.0	3,255.85	1.2
	<u>29,450.96</u>	<u>227.7</u>	<u>258,699.22</u>	<u>98.1</u>
Income from Operations	<u>(16,518.98)</u>	<u>(127.7)</u>	<u>4,980.69</u>	<u>1.9</u>
Other Income				
Other income	0.00	0.0	1,851.06	0.7
Transfer fees	0.00	0.0	35.00	0.0
Amort of acquisition adjustment	909.00	7.0	6,363.00	2.4

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE SEVEN MONTHS ENDED JULY 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Interest income	39.56	0.3	255.65	0.1
Total Other Income	948.56	7.3	8,504.71	3.2
Net Income	\$ (15,570.42)	(120.4)	\$ 13,485.40	5.1

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the seven months ended July 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$(15,570.42)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,918.00
Interest income	(39.56)
Changes in operating assets and liabilities	
Decrease in accounts receivable	4,899.16
Increase in prepaid expenses	(2,292.08)
Increase in accounts payable	6,501.84
Increase in other current liabilities	<u>268.31</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$(3,314.75)
INVESTING ACTIVITIES	
Purchase of equipment	(513.22)
Interest income	<u>39.56</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(473.66)
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$(3,788.41)
CASH, BEGINNING BALANCE	<u>\$ 78,448.33</u>
CASH, ENDING BALANCE	\$ 74,659.92

SUPPLEMENTAL INFORMATION

Income taxes paid	\$ -0-
Interest paid	\$ 461.37

SIGMA GAS CORPORATION
BALANCE SHEET
JUNE 30, 2000

RECEIVED

DEC 05 2000

PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$ 59,854.88	
Cash in bank - CNB	18,593.45	
Customer accounts receivable	24,838.43	
	<hr/>	
Total Current Assets		\$ 103,286.76
Property, Plant and Equipment		
Utility Plant in Service	1,668,782.58	
Accumulated depreciation	(364,232.72)	
Gas plant acquisition adjustment	(201,849.80)	
	<hr/>	
Total Property Plant and Equipment		1,102,700.06
Other Assets		
Other deferred debits	3,979.00	
Utility deposits	250.00	
Prepaid gas costs	5,240.49	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(11,741.00)	
	<hr/>	
Total Other Assets		63,312.49
		<hr/>
TOTAL ASSETS		\$ 1,269,299.31
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
JUNE 30, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	20,897.11
Notes payable		253,127.60
Customer deposits		63,001.92
Accrued interest		60,466.83
Accrued taxes		3,195.94
Accrued refund of penalties		11,301.22
		<hr/>
Total Current Liabilities	\$	411,990.62
Long Term Liabilities		
Note payable - DLG		1,258,419.00
		<hr/>
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,670,409.62
Capital		
Accum. adj. - WM. G. CONL		(179,098.89)
Current Earnings		13,075.12
Accum. adj. - BARKLEY STU		(179,098.90)
Current Earnings		13,075.12
Accum. adj. - ESTILL B. B		(71,968.34)
Current Earnings		2,905.58
		<hr/>
Total Capital		(401,110.31)
		<hr/>
TOTAL LIABILITIES AND CAPITAL	\$	<u>1,269,299.31</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 11,561.58	92.6	\$ 240,542.71	95.9
NSF charge	0.00	0.0	10.00	0.0
Penalties	743.26	6.0	9,470.25	3.8
Temporary service charge	175.00	1.4	675.00	0.3
Sales tax commission	3.80	0.0	49.97	0.0
Total Revenue	12,483.64	100.0	250,747.93	100.0
Expenses				
Gas purchases	2,830.30	22.7	106,892.52	42.6
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	8.0	6,000.00	2.4
Mains and service labor	668.00	5.4	4,484.00	1.8
Service supplies & expenses	50.47	0.4	864.93	0.3
Contract labor	1,738.00	13.9	3,534.50	1.4
Maintenance of meters	334.96	2.7	349.96	0.1
Meter reading labor	676.00	5.4	4,416.00	1.8
Acctg. & collecting labor	1,120.00	9.0	7,440.00	3.0
Computer billing	131.94	1.1	1,349.68	0.5
General & admin. salaries	3,480.00	27.9	22,120.00	8.8
Office supplies & expenses	1,485.69	11.9	6,439.93	2.6
Outside services employed	0.00	0.0	168.35	0.1
Insurance	0.00	0.0	2,386.50	1.0
Employee Benefits	149.37	1.2	846.72	0.3
Miscellaneous general exp	867.10	6.9	1,921.61	0.8
Rents	600.00	4.8	3,725.00	1.5
Transportation expense	1,730.32	13.9	9,437.36	3.8
Interest - Meter deposits	315.01	2.5	1,948.56	0.8
Interest - Other	170.62	1.4	816.08	0.3
Interest - KISU	2,074.80	16.6	12,448.80	5.0
Interest - ARG	34.59	0.3	207.54	0.1
Depreciation	3,700.00	29.6	22,197.10	8.9
Amort of organization costs	127.00	1.0	762.00	0.3
Payroll tax expense	947.78	7.6	4,450.03	1.8
Public Serv Comm Assessment	751.07	6.0	751.07	0.3
Taxes other than income	3,255.85	26.1	3,255.85	1.3
Total Expenses	28,238.87	226.2	229,248.26	91.4
Income from Operations	(15,755.23)	(126.2)	21,499.67	8.6
Other Income				
Other income	0.00	0.0	1,851.06	0.7
Transfer fees	0.00	0.0	35.00	0.0
Amort of acquisition adjustment	909.00	7.3	5,454.00	2.2

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest income	38.13	0.3	216.09	0.1		
Total Other Income	<u>947.13</u>	<u>7.6</u>	<u>7,556.15</u>	<u>3.0</u>		
Net Income	<u>\$ (14,808.10)</u>	<u>(118.6)</u>	<u>\$ 29,055.82</u>	<u>11.6</u>		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the six months ended June 30, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$(14,808.10)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,918.00
Interest income	(38.13)
Changes in operating assets and liabilities	
Decrease in accounts receivable	2,838.66
Decrease in accounts payable	(3,007.03)
Decrease in other current liabilities	<u>(715.00)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$(12,811.60)
INVESTING ACTIVITIES	
Interest income	<u>38.13</u>
NET CASH USED IN INVESTING ACTIVITIES	\$38.13
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$(12,773.47)
CASH, BEGINNING BALANCE	<u>\$ 91,221.80</u>
CASH, ENDING BALANCE	\$ 78,448.33
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 452.49

SIGMA GAS CORPORATION
BALANCE SHEET
MAY 31, 2000

RECEIVED

DEC 05 2000

PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$ 72,666.48	
Cash in bank - CNB	18,555.32	
Customer accounts receivable	27,677.09	
	<hr/>	
Total Current Assets		\$ 118,898.89
Property, Plant and Equipment		
Utility Plant in Service	1,668,782.58	
Accumulated depreciation	(360,405.72)	
Gas plant acquisition adjustment	(202,758.80)	
	<hr/>	
Total Property Plant and Equipment		1,105,618.06
Other Assets		
Other deferred debits	3,979.00	
Utility deposits	250.00	
Prepaid gas costs	5,240.49	
Nonutility Plant	65,584.00	
Accum depr - nonutility	(11,741.00)	
	<hr/>	
Total Other Assets		63,312.49
		<hr/>
TOTAL ASSETS		\$ 1,287,829.44
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
MAY 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 23,904.14	
Notes payable	253,127.60	
Customer deposits	64,601.92	
Accrued interest	58,459.92	
Accrued taxes	3,336.27	
Accrued refund of penalties	12,282.80	
	<hr/>	
Total Current Liabilities		\$ 415,712.65
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,674,131.65
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	19,738.75	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	19,738.75	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	4,386.42	
	<hr/>	
Total Capital		(386,302.21)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,287,829.44
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FIVE MONTHS ENDED MAY 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 14,688.34	91.3	\$ 228,981.13	96.1
NSF charge	0.00	0.0	10.00	0.0
Penalties	1,179.91	7.3	8,726.99	3.7
Temporary service charge	210.00	1.3	500.00	0.2
Sales tax commission	4.48	0.0	46.17	0.0
Total Revenue	16,082.73	100.0	238,264.29	100.0
Expenses				
Gas purchases	4,132.30	25.7	104,062.22	43.7
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	6.2	5,000.00	2.1
Mains and service labor	848.00	5.3	3,816.00	1.6
Service supplies & expenses	230.98	1.4	814.46	0.3
Contract labor	813.00	5.1	1,796.50	0.8
Maintenance of meters	0.00	0.0	15.00	0.0
Meter reading labor	832.00	5.2	3,740.00	1.6
Acctg. & collecting labor	1,500.00	9.3	6,320.00	2.7
Computer billing	136.26	0.8	1,217.74	0.5
General & admin. salaries	4,200.00	26.1	18,640.00	7.8
Office supplies & expenses	922.90	5.7	4,954.24	2.1
Outside services employed	0.00	0.0	168.35	0.1
Insurance	101.50	0.6	2,386.50	1.0
Employee Benefits	149.37	0.9	697.35	0.3
Miscellaneous general exp	0.00	0.0	1,054.51	0.4
Rents	600.00	3.7	3,125.00	1.3
Transportation expense	1,294.61	8.0	7,707.04	3.2
Interest - Meter deposits	(2.41)	0.0	1,633.55	0.7
Interest - Other	190.19	1.2	645.46	0.3
Interest - KISU	2,074.80	12.9	10,374.00	4.4
Interest - ARG	34.59	0.2	172.95	0.1
Depreciation	3,700.00	23.0	18,497.10	7.8
Amort of organization costs	127.00	0.8	635.00	0.3
Payroll tax expense	641.06	4.0	3,502.25	1.5
Total Expenses	23,526.15	146.3	201,009.39	84.4
Income from Operations	(7,443.42)	(46.3)	37,254.90	15.6
Other Income				
Other income	0.00	0.0	1,851.06	0.8
Transfer fees	35.00	0.2	35.00	0.0
Amort of acquisition adjustment				
	909.00	5.7	4,545.00	1.9
Interest income	41.22	0.3	177.96	0.1

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE FIVE MONTHS ENDED MAY 31, 2000

	C U R R E N T P E R I O D	Y E A R T O	D A T E
	Amount	Percent	Amount
	Percent	Percent	Percent
Total Other Income	985.22	6.1	6,609.02
Net Income	\$ (6,458.20)	(40.2)	\$ 43,863.92

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the five months ended May 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$(6,458.20)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,918.00
Interest income	(41.22)
Changes in operating assets and liabilities	
Decrease in accounts receivable	13,877.35
Decrease in accounts payable	(7,930.92)
Decrease in other current liabilities	<u>(313.11)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$2,051.90
INVESTING ACTIVITIES	
Purchase of mains	(212.00)
Interest income	<u>41.22</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(170.78)
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,881.12
CASH, BEGINNING BALANCE	<u>\$ 89,340.68</u>
CASH, ENDING BALANCE	\$ 91,221.80
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 7.36

SIGMA GAS CORPORATION
BALANCE SHEET
APRIL 30, 2000

RECEIVED

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PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$	71,426.58
Cash in bank - CNB		17,914.10
Customer accounts receivable		43,625.23
Total Current Assets		<u>\$ 132,965.91</u>
Property, Plant and Equipment		
Utility Plant in Service		1,668,570.58
Accumulated depreciation		(356,578.72)
Gas plant acquisition adjustment		(203,667.80)
Total Property Plant and Equipment		<u>1,108,324.06</u>
Other Assets		
Other deferred debits		3,979.00
Utility deposits		250.00
Prepaid gas costs		3,169.70
Nonutility Plant		65,584.00
Accum depr - nonutility		(11,741.00)
Total Other Assets		<u>61,241.70</u>
TOTAL ASSETS		<u><u>\$ 1,302,531.67</u></u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
APRIL 30, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 31,835.06	
Notes payable	253,127.60	
Customer deposits	65,001.92	
Accrued interest	56,360.30	
Accrued taxes	3,383.65	
Accrued refund of penalties	14,248.15	
Total Current Liabilities		\$ 423,956.68
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
Total Long Term Liabilities		1,258,419.00
Total Liabilities		1,682,375.68
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	22,644.94	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	22,644.94	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	5,032.24	
Total Capital		(379,844.01)
TOTAL LIABILITIES AND CAPITAL		\$ 1,302,531.67

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE FOUR MONTHS ENDED APRIL 30, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 28,043.15	95.3	\$ 214,292.79	96.4
NSF charge	0.00	0.0	10.00	0.0
Penalties	1,306.58	4.4	7,547.08	3.4
Temporary service charge	70.00	0.2	290.00	0.1
Sales tax commission	5.84	0.0	41.69	0.0
	<u>29,425.57</u>	<u>100.0</u>	<u>222,181.56</u>	<u>100.0</u>
Expenses				
Gas purchases	11,980.05	40.7	99,929.92	45.0
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	3.4	4,000.00	1.8
Mains and service labor	652.00	2.2	2,968.00	1.3
Service supplies & expenses	0.00	0.0	583.48	0.3
Contract labor	100.00	0.3	983.50	0.4
Maintenance of meters	0.00	0.0	15.00	0.0
Meter reading labor	592.00	2.0	2,908.00	1.3
Acctg. & collecting labor	1,280.00	4.3	4,820.00	2.2
Computer billing	617.84	2.1	1,081.48	0.5
General & admin. salaries	3,480.00	11.8	14,440.00	6.5
Office supplies & expenses	1,146.37	3.9	4,031.34	1.8
Outside services employed	0.00	0.0	168.35	0.1
Insurance	0.00	0.0	2,285.00	1.0
Employee Benefits	149.37	0.5	547.98	0.2
Miscellaneous general exp	100.00	0.3	1,054.51	0.5
Rents	600.00	2.0	2,525.00	1.1
Transportation expense	1,702.03	5.8	6,412.43	2.9
Interest - Meter deposits	325.01	1.1	1,635.96	0.7
Interest - Other	115.39	0.4	455.27	0.2
Interest - KISU	2,074.80	7.1	8,299.20	3.7
Interest - ARG	34.59	0.1	138.36	0.1
Depreciation	3,700.00	12.6	14,797.10	6.7
Amort of organization costs	127.00	0.4	508.00	0.2
Payroll tax expense	535.81	1.8	2,861.19	1.3
	<u>30,312.26</u>	<u>103.0</u>	<u>177,483.24</u>	<u>79.9</u>
Income from Operations	<u>(886.69)</u>	<u>(3.0)</u>	<u>44,698.32</u>	<u>20.1</u>
Other Income				
Other income	0.00	0.0	1,851.06	0.8
Amort of acquisition adjustment	909.00	3.1	3,636.00	1.6
Interest income	33.81	0.1	136.74	0.1
	<u>942.81</u>	<u>3.2</u>	<u>5,623.80</u>	<u>2.5</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE FOUR MONTHS ENDED APRIL 30, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E	
	Amount	Percent	Amount	Percent	Amount	Percent
Net Income	\$ 56.12	0.2	\$ 50,322.12	22.6		

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the four months ended April 30, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$ 56.12
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,918.00
Interest income	(33.81)
Changes in operating assets and liabilities	
Decrease in accounts receivable	7,966.28
Decrease in accounts payable	(27,673.16)
Increase in other current liabilities	<u>697.09</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$(16,069.48)
INVESTING ACTIVITIES	
Interest income	<u>33.81</u>
NET CASH USED IN INVESTING ACTIVITIES	\$33.81
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$(16,035.67)
CASH, BEGINNING BALANCE	<u>\$105,376.35</u>
CASH, ENDING BALANCE	\$ 89,340.68
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ -0-

SIGMA GAS CORPORATION
BALANCE SHEET
MARCH 31, 2000

RECEIVED

DEC 05 2000

PUBLIC SERVICE
COMMISSION

ASSETS

Current Assets		
Cash in bank - checking	\$	87,896.06
Cash in bank - CNB		17,480.29
Customer accounts receivable		52,974.81
		<hr/>
Total Current Assets	\$	158,351.16
Property, Plant and Equipment		
Utility Plant in Service		1,668,570.58
Accumulated depreciation		(352,751.72)
Gas plant acquisition adjustment		(204,576.80)
		<hr/>
Total Property Plant and Equipment		1,111,242.06
Other Assets		
Other deferred debits		3,979.00
Utility deposits		250.00
Prepaid gas costs		1,786.40
Nonutility Plant		65,584.00
Accum depr - nonutility		(11,741.00)
		<hr/>
Total Other Assets		59,858.40
		<hr/>
TOTAL ASSETS	\$	<u>1,329,451.62</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
MARCH 31, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 59,508.22	
Notes payable	253,127.60	
Customer deposits	65,701.92	
Accrued interest	53,925.90	
Accrued taxes	4,420.96	
Accrued refund of penalties	14,248.15	
	<hr/>	
Total Current Liabilities		\$ 450,932.75
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,709,351.75
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	22,619.70	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	22,619.70	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	5,026.60	
	<hr/>	
Total Capital		(379,900.13)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,329,451.62
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 39,374.12	94.4	\$ 186,249.64	96.6
NSF charge	10.00	0.0	10.00	0.0
Penalties	2,173.92	5.2	6,240.50	3.2
Temporary service charge	140.00	0.3	220.00	0.1
Sales tax commission	7.14	0.0	35.85	0.0
Total Revenue	41,705.18	100.0	192,755.99	100.0
Expenses				
Gas purchases	17,770.83	42.6	87,949.87	45.6
Compressor station power	0.00	0.0	34.17	0.0
Supervision	1,000.00	2.4	3,000.00	1.6
Mains and service labor	740.00	1.8	2,316.00	1.2
Service supplies & expenses	14.63	0.0	583.48	0.3
Contract labor	50.00	0.1	883.50	0.5
Maintenance of meters	15.00	0.0	15.00	0.0
Meter reading labor	724.00	1.7	2,316.00	1.2
Acctg. & collecting labor	1,120.00	2.7	3,540.00	1.8
Computer billing	188.78	0.5	463.64	0.2
General & admin. salaries	3,480.00	8.3	10,960.00	5.7
Office supplies & expenses	713.75	1.7	2,884.97	1.5
Outside services employed	168.35	0.4	168.35	0.1
Insurance	0.00	0.0	2,285.00	1.2
Employee Benefits	149.37	0.4	398.61	0.2
Miscellaneous general exp	420.65	1.0	954.51	0.5
Rents	600.00	1.4	1,925.00	1.0
Transportation expense	1,451.58	3.5	4,710.40	2.4
Interest - Meter deposits	328.51	0.8	1,310.95	0.7
Interest - Other	144.38	0.3	339.88	0.2
Interest - KISU	2,074.80	5.0	6,224.40	3.2
Interest - ARG	34.59	0.1	103.77	0.1
Depreciation	3,699.98	8.9	11,097.10	5.8
Amort of organization costs	127.00	0.3	381.00	0.2
Payroll tax expense	1,172.70	2.8	2,325.38	1.2
Total Expenses	36,188.90	86.8	147,170.98	76.4
Income from Operations	5,516.28	13.2	45,585.01	23.6
Other Income				
Other income	0.00	0.0	1,851.06	1.0
Amort of acquisition adjustment	909.00	2.2	2,727.00	1.4
Interest income	36.89	0.1	102.93	0.1
Total Other Income	945.89	2.3	4,680.99	2.4

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2000

	C U R R E N T P E R I O D		Y E A R T O	D A T E
	Amount	Percent	Amount	Percent
Net Income	\$ 6,462.17	15.5	\$ 50,266.00	26.1

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the three months ended March 31, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income from Operations	\$ 6,462.17
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,917.98
Interest income	(36.89)
Changes in operating assets and liabilities	
Decrease in accounts receivable	28,157.59
Increase in accounts payable	8,683.77
Decrease in other current liabilities	<u>(338.39)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$45,846.23
INVESTING ACTIVITIES	
Interest income	<u>36.89</u>
NET CASH USED IN INVESTING ACTIVITIES	\$36.89
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
INCREASE IN CASH AND CASH EQUIVALENTS	\$45,883.12
CASH, BEGINNING BALANCE	<u>\$59,493.23</u>
CASH, ENDING BALANCE	\$105,376.35
 <u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 35.00

SIGMA GAS CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2000

ASSETS

Current Assets		
Cash in bank - checking	\$	36,731.64
Cash in bank - CNB		19,307.68
Customer accounts receivable		19,281.16
		<hr/>
Total Current Assets	\$	75,320.48
Property, Plant and Equipment		
Utility Plant in Service		1,676,091.89
Accumulated depreciation		(375,716.46)
Gas plant acquisition adjustment		(199,122.80)
		<hr/>
Total Property Plant and Equipment		1,101,252.63
Other Assets		
Other deferred debits		3,581.10
Utility deposits		250.00
Prepaid Insurance		1,157.05
Prepaid gas costs		14,253.86
Nonutility Plant		65,584.00
Accum depr - nonutility		(11,741.00)
		<hr/>
Total Other Assets		73,085.01
		<hr/>
TOTAL ASSETS	\$	<u>1,249,658.12</u>

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PUBLIC SERVICE
COMMISSION

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2000

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$ 39,048.89	
Notes payable	253,127.60	
Customer deposits	62,701.92	
Accrued interest	67,009.74	
Accrued taxes	2,736.34	
Accrued refund of penalties	7,793.95	
	<hr/>	
Total Current Liabilities		\$ 432,418.44
Long Term Liabilities		
Note payable - DLG	1,258,419.00	
	<hr/>	
Total Long Term Liabilities		1,258,419.00
		<hr/>
Total Liabilities		1,690,837.44
Capital		
Accum. adj. - WM. G. CONL	(179,098.89)	
Current Earnings	(4,955.96)	
Accum. adj. - BARKLEY STU	(179,098.90)	
Current Earnings	(4,955.96)	
Accum. adj. - ESTILL B. B	(71,968.34)	
Current Earnings	(1,101.27)	
	<hr/>	
Total Capital		(441,179.32)
		<hr/>
TOTAL LIABILITIES AND CAPITAL		\$ 1,249,658.12
		<hr/> <hr/>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	Percent
Revenue				
Gas sales	\$ 12,027.41	95.0	\$ 276,604.10	95.9
NSF charge	0.00	0.0	20.00	0.0
Reconnect fees	260.00	2.1	295.00	0.1
Penalties	370.81	2.9	10,843.02	3.8
Temporary service charge	0.00	0.0	675.00	0.2
Sales tax commission	4.02	0.0	62.66	0.0
Total Revenue	12,662.24	100.0	288,499.78	100.0
Expenses				
Gas purchases	3,089.72	24.4	114,853.74	39.8
Compressor station power	0.00	0.0	34.17	0.0
Supervision	0.00	0.0	7,000.00	2.4
Mains and service labor	1,344.00	10.6	7,163.85	2.5
Service supplies & expenses	1,011.72	8.0	4,173.05	1.4
Contract labor	278.00	2.2	6,473.96	2.2
Maintenance of meters	0.00	0.0	349.96	0.1
Meter reading labor	1,456.00	11.5	7,130.00	2.5
Acctg. & collecting labor	1,120.00	8.8	11,980.00	4.2
Computer billing	134.82	1.1	1,754.86	0.6
General & admin. salaries	2,600.00	20.5	32,520.00	11.3
Office supplies & expenses	958.49	7.6	10,136.28	3.5
Outside services employed	2,490.65	19.7	9,250.70	3.2
Insurance	(432.21)	(3.4)	2,581.94	0.9
Employee Benefits	149.37	1.2	1,294.83	0.4
Miscellaneous general exp	269.00	2.1	2,190.61	0.8
Rents	600.00	4.7	5,525.00	1.9
Transportation expense	1,633.47	12.9	15,715.36	5.4
Interest - Meter deposits	313.51	2.5	2,888.09	1.0
Interest - Other	136.87	1.1	1,293.43	0.4
Interest - KISU	2,074.80	16.4	18,673.20	6.5
Interest - ARG	34.59	0.3	311.31	0.1
Depreciation	3,702.74	29.2	33,299.84	11.5
Amort of organization costs	127.00	1.0	1,143.00	0.4
Payroll tax expense	569.62	4.5	6,154.59	2.1
Public Serv Comm Assessment	2,014.66	15.9	2,765.73	1.0
Taxes other than income	0.00	0.0	3,255.85	1.1
Total Expenses	25,676.82	202.8	309,913.35	107.4
Income from Operations	(13,014.58)	(102.8)	(21,413.57)	(7.4)
Other Income				
Other income	0.00	0.0	1,851.06	0.6
Transfer fees	0.00	0.0	35.00	0.0
Amort of acquisition adjustment	909.00	7.2	8,181.00	2.8

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	C U R R E N T P E R I O D		Y E A R T O		D A T E
	Amount	Percent	Amount	Percent	Percent
Interest income	37.70	0.3	333.32		0.1
Total Other Income	946.70	7.5	10,400.38		3.6
Net Income	\$ (12,067.88)	(95.3)	\$ (11,013.19)		(3.8)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
Statements of Cash Flow – Indirect Method
For the nine months ended September 30, 2000

	<u>2000</u>
OPERATING ACTIVITIES	
Net Income (Loss) from Operations	\$(12,067.88)
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation and amortization	2,920.74
Interest income	(37.70)
Changes in operating assets and liabilities	
Decrease in accounts receivable	898.37
Decrease in other deferred debits	397.90
Increase in prepaid expenses	(3,043.31)
Increase in accounts payable	13,175.29
Increase in other current liabilities	<u>1,163.12</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	\$3,406.53
INVESTING ACTIVITIES	
Purchase of equipment	(6,796.09)
Interest income	<u>37.70</u>
NET CASH USED IN INVESTING ACTIVITIES	\$(6,758.39)
FINANCING ACTIVITIES	
	-
NET CASH USED IN FINANCING ACTIVITIES	-
DECREASE IN CASH AND CASH EQUIVALENTS	\$(3,351.86)
CASH, BEGINNING BALANCE	<u>\$ 59,391.18</u>
CASH, ENDING BALANCE	\$ 56,039.32
<u>SUPPLEMENTAL INFORMATION</u>	
Income taxes paid	\$ -0-
Interest paid	\$ 193.92



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 22, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY. 41465

Honorable John N. Hughes
Attorney for Sigma Gas Corporation
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-074

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF SIGMA GAS)
CORPORATION FOR APPROVAL OF) CASE NO. 99-074
FINANCING)

O R D E R

On October 1, 1999, the Commission entered an Order approving financing in the amount of \$1,258,419 for Sigma Gas Corporation ("Sigma"). The purpose of the financing was to refinance \$811,013 of outstanding obligations with the Department of Local Government; to pay amounts owed to employees; and to pay outstanding obligations to various vendors and creditors. The Order required Sigma to establish a priority disbursement schedule in accordance with the guidelines set forth in the Order and to file the schedule within 15 days of the date of the Order. The Commission also ordered Sigma not to disburse any funds prior to the Commission's approval of the priority disbursement schedule.

On October 8, 1999, Sigma submitted its response to the October 1, 1999 Order. That response reflects the proposed disbursement of \$201,082.51 by Sigma. The Commission has determined that the proposed priority disbursement schedule is in substantial compliance with the Commission's October 1, 1999 Order and shall be approved. The Commission finds that Sigma shall be allowed to disburse the funds approved in the Order in accordance with its priority disbursement schedule.

IT IS THEREFORE ORDERED that:

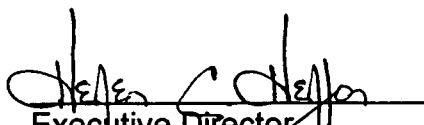
1. Sigma's priority disbursement schedule is approved.
2. Sigma shall disburse the funds approved in the Commission's October 1, 1999 Order in accordance with Sigma's priority disbursement schedule.

Done at Frankfort, Kentucky, this 22nd day of October, 1999.

By the Commission

Chairman B. J. Helton took no part in the review and consideration of this application.

ATTEST:


Executive Director

SIGMA GAS CORPORATION

Post Office Box 22
Salyersville, Kentucky 41465

Directors

Estill Branham
Barkley Sturgill
Estate of Wm Grady Conley

Office (606) 349-1505
Facsimile (606) 886-2315

October 8, 1999

Helen C. Helton
Executive Director
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

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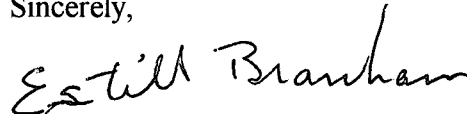
Re: CASE NO. 99-074

Dear Ms. Helton:

Enclosed please find the financial statements of Sigma Gas Corporation for the month ending August 31, 1999. Also enclosed are the comparative financial statements of Sigma for the eight months ending August 31, 1999. We are filing these statements in compliance with Case no. 99-074.

If you have any questions or need any further information please do not hesitate to contact me at the numbers listed above.

Sincerely,



Estill Branham, President

EBB/sc
Enclosures

SIGMA GAS CORPORATION
BALANCE SHEET
AUGUST 31, 1999

ASSETS

Current Assets		
Cash in bank - checking	\$	33,870.66
Cash in bank - CNB		7,506.42
Customer accounts receivable		24,546.09
Accounts receivable - GEI		23,924.37
		<hr/>
Total Current Assets	\$	89,847.54
Property, Plant and Equipment		
Mains		1,594,054.56
Compressor station equipment		14,580.00
Meters		53,056.40
Meter installation		13,544.00
Office furniture & equipment		2,661.00
Power operated equipment		15,900.15
Organization costs		38,045.00
Accumulated depreciation		(334,433.34)
Gas plant acquisition adjustment		(272,751.80)
Gas plant acquisition amortization		61,812.00
		<hr/>
Total Property Plant and Equipment		1,186,467.97
Other Assets		
Utility deposits		1,753.89
Prepaid gas costs		4,089.21
		<hr/>
Total Other Assets		5,843.10
		<hr/>
TOTAL ASSETS	\$	<u>1,282,158.61</u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
BALANCE SHEET
AUGUST 31, 1999

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable - current	\$	490,281.67
Accrued salaries		39,500.00
Customer deposits		59,484.00
Accrued interest-deposits		8,539.67
FICA		877.92
Federal withholding		919.00
Kentucky withholding		347.43
Medicare		205.32
School tax		303.99
Sales tax		206.05
Loan from shareholder - EB		13,000.00
		613,665.05
Total Current Liabilities	\$	613,665.05
Long Term Liabilities		
N/P - The Bank Josephine		70,000.00
Note payable - DLG		811,013.00
Note payable - ARG		50,622.96
Note payable - EREC		158,023.43
		1,089,659.39
Total Long Term Liabilities		1,089,659.39
		1,703,324.44
Total Liabilities		1,703,324.44
Capital		
Accum. adj. - WM. G. CONL		(164,701.67)
Current Earnings		(24,823.01)
Accum. adj. - BARKLEY STU		(164,701.67)
Current Earnings		(24,823.01)
Accum. adj. - ESTILL B. B		(36,600.27)
Current Earnings		(5,516.20)
		(421,165.83)
Total Capital		(421,165.83)
TOTAL LIABILITIES AND CAPITAL	\$	1,282,158.61

See Accountant's Compilation Report

SIGMA GAS CORPORATION
INCOME STATEMENT
FOR THE EIGHT MONTHS ENDED AUGUST 31, 1999

	C U R R E N T P E R I O D		Y E A R T O	
	Amount	Percent	Amount	D A T E Percent
Revenue				
Gas sales	\$ 10,571.78	97.4	\$ 247,260.69	99.4
Penalties	284.04	2.6	1,493.30	0.6
Sales tax commission	3.67	0.0	57.19	0.0
Total Revenue	10,859.49	100.0	248,811.18	100.0
Expenses				
Gas purchases	2,343.60	21.6	96,016.60	38.6
Compressor station power	36.18	0.3	197.57	0.1
Supervision	750.00	6.9	6,000.00	2.4
Mains and service labor	750.00	6.9	9,232.48	3.7
Service supplies & expenses	79.50	0.7	2,943.48	1.2
Contract labor	220.00	2.0	2,530.00	1.0
Maintenance of meters	0.00	0.0	2,134.07	0.9
Meter reading labor	780.00	7.2	9,515.02	3.8
Acctg. & collecting labor	1,825.00	16.8	14,575.00	5.9
Computer billing	127.26	1.2	1,032.84	0.4
General & admin. salaries	2,975.00	27.4	21,175.00	8.5
Office supplies & expenses	931.71	8.6	5,925.62	2.4
Outside services employed	1,249.10	11.5	21,060.60	8.5
Insurance	0.00	0.0	5,864.97	2.4
Employee Benefits	124.62	1.1	1,059.58	0.4
Miscellaneous general exp	732.17	6.7	1,249.92	0.5
Rents	600.00	5.5	5,425.00	2.2
Transportation expense	2,024.25	18.6	15,728.83	6.3
Interest - Bank Josephine	1,942.12	17.9	7,430.11	3.0
Interest - Meter deposits	297.42	2.7	1,650.02	0.7
Interest - Other	35.00	0.3	963.69	0.4
Interest - Commer Trust	280.00	2.6	2,187.50	0.9
Interest - KISU	2,437.84	22.4	30,613.87	12.3
Interest - ARG	668.36	6.2	8,622.96	3.5
Depreciation	3,750.11	34.5	29,736.02	12.0
Amort of organization costs	127.00	1.2	1,016.00	0.4
Amortization of loan cost	0.00	0.0	1,356.68	0.5
Payroll tax expense	541.59	5.0	5,543.98	2.2
Taxes other than income	15.00	0.1	15.00	0.0
Public Serv Company Assess	0.00	0.0	449.41	0.2
Total Expenses	25,642.83	236.1	311,251.82	125.1
Income from Operations	(14,783.34)	(136.1)	(62,440.64)	(25.1)
Other Income				
Amort of acquisition adjustment	909.00	8.4	7,272.00	2.9
Interest income	6.42	0.1	6.42	0.0

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 INCOME STATEMENT
 FOR THE EIGHT MONTHS ENDED AUGUST 31, 1999

	C U R R E N T P E R I O D	Y E A R T O	D A T E
	Amount	Amount	Percent
Total Other Income	915.42	7,278.42	8.4 2.9
Net Income	\$ (13,867.92)	\$ (55,162.22)	(127.7) (22.2)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

	January	February	March	April	May	June	July	August
ASSETS								
CURRENT ASSETS								
Cash in bank - checking	\$ 21,049	\$ 33,753	\$ 51,199	\$ 61,833	\$ 68,860	\$ 53,861	\$ 40,896	\$ 33,871
Cash in bank - CNB	0	0	0	0	0	0	0	7,506
Customer accounts receivable	76,544	70,191	72,791	43,241	27,909	27,462	26,592	24,546
Accounts receivable - GBI	23,925	23,924	23,924	23,924	23,925	23,924	23,925	23,925
TOTAL CURRENT ASSETS	121,518	127,868	147,914	128,998	120,694	105,247	91,413	89,848
PROPERTY AND EQUIPMENT								
Mains	1,591,312	1,591,496	1,591,496	1,591,496	1,591,665	1,591,825	1,593,435	1,594,055
Compressor station equipment	14,580	14,580	14,580	14,580	14,580	14,580	14,580	14,580
Meters	41,474	41,474	41,474	53,056	53,056	53,056	53,056	53,056
Meter installation	13,544	13,544	13,544	13,544	13,544	13,544	13,544	13,544
Office furniture & equipment	1,375	1,375	1,375	1,375	2,661	2,661	2,661	2,661
Power operated equipment	14,470	14,470	14,470	14,470	14,945	15,847	15,900	15,900
Organization costs	38,045	38,045	38,045	38,045	38,045	38,045	38,045	38,045
Accumulated depreciation	(307,489)	(311,296)	(315,104)	(318,938)	(322,804)	(326,680)	(330,556)	(334,433)
Gas plant acquisition adjustment	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)	(272,752)
Gas plant acquisition amortization	55,450	56,358	57,268	58,176	59,086	59,994	60,903	61,812
TOTAL PROPERTY AND EQUIPMENT	1,190,009	1,187,294	1,184,396	1,193,052	1,192,026	1,190,120	1,188,816	1,186,468
OTHER ASSETS								
Loan costs	1,018	848	678	509	339	170	0	0
Utility deposits	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754
Prepaid gas costs	(1)	0	0	0	0	0	2,070	4,089
TOTAL OTHER ASSETS	2,771	2,602	2,432	2,263	2,093	1,924	3,824	5,843
TOTAL ASSETS	\$1,314,298	\$1,317,764	\$1,334,742	\$1,324,313	\$1,314,813	\$1,297,291	\$1,284,053	\$1,282,159

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 1999

	January	February	March	April	May	June	July	August
LIABILITIES & SHAREHOLDERS' EQUITY								
CURRENT LIABILITIES								
Accounts payable - current	\$ 466,058	\$ 455,407	\$ 459,701	\$ 455,960	\$ 456,987	\$ 454,661	\$ 486,573	\$ 490,282
Accrued salaries	33,500	36,500	38,000	39,500	41,000	41,000	39,500	39,500
Customer deposits	54,584	54,384	54,084	53,884	53,284	52,484	52,184	59,484
Accrued interest-deposits	7,163	7,434	7,705	7,974	8,241	8,503	8,242	8,540
FICA	718	692	858	719	713	1,287	892	878
Federal withholding	538	512	640	547	539	1,474	923	919
Kentucky withholding	270	260	320	274	271	515	355	347
SUI/FUTA	0	0	0	0	0	706	0	0
Medicare	168	162	201	168	167	301	209	205
School tax	1,889	1,635	1,683	652	340	337	287	304
Sales tax	737	654	708	305	188	217	194	206
Loan from shareholder - EB	13,000	13,000	13,000	13,000	13,000	13,001	13,001	13,000
TOTAL CURRENT LIABILITIES	578,625	570,640	576,900	572,983	574,730	574,486	602,360	613,665
LONG TERM LIABILITIES								
N/P - The Bank Josephine	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Note payable - DLG	811,013	811,013	811,013	811,013	811,013	811,013	811,013	811,013
Note payable - ARG	42,000	42,000	42,000	42,000	42,000	42,000	49,955	50,623
Note payable - EREC	158,023	158,023	158,023	158,023	158,023	158,023	158,023	158,023
TOTAL LONG TERM LIABILITIES	1,081,036	1,081,036	1,081,036	1,081,036	1,081,036	1,081,036	1,088,991	1,089,659
TOTAL LIABILITIES	1,659,661	1,651,676	1,657,936	1,654,019	1,655,766	1,655,522	1,691,351	1,703,324
SHAREHOLDERS' EQUITY								
Accum. adj. - WM. G. CONL	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)
Current Earnings	9,289	14,441	19,265	16,335	11,272	3,497	(18,582)	(24,824)
Accum. adj. - BARKLEY STU	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)	(164,702)
Current Earnings	9,289	14,441	19,265	16,335	11,272	3,497	(18,582)	(24,824)
Accum. adj. - ESTILL B. B	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)	(36,600)
Current Earnings	2,063	3,210	4,280	3,627	2,507	779	(4,130)	(5,514)

See Accountant's Compilation Report

SIGMA GAS CORPORATION
TWELVE MONTH COMPARATIVE BALANCE SHEET
1999

	January	February	March	April	May	June	July	August
TOTAL SHAREHOLDERS' EQUITY	(345,363)	(333,912)	(323,194)	(329,707)	(340,953)	(358,231)	(407,298)	(421,166)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,314,298	\$1,317,764	\$1,334,742	\$1,324,312	\$1,314,813	\$1,297,291	\$1,284,053	\$1,282,158

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Eight Months Ended August 31, 1999

	January	February	March	April	May	June	July	August	Year-to-Date
Revenue									
Gas sales	\$ 65,570	\$ 56,632	\$ 58,271	\$ 22,606	\$ 11,880	\$ 11,816	\$ 9,914	\$ 10,572	\$ 247,261
Penalties	0	0	0	0	534	262	413	284	1,493
Sales tax commission	13	12	13	5	3	4	3	4	57
Total revenue	65,583	56,644	58,284	22,611	12,417	12,082	10,330	10,860	248,811
Expenses									
Gas purchases	26,007	26,459	23,857	8,460	3,981	2,825	2,084	2,343	96,017
Compressor station power	16	32	24	24	23	21	22	36	198
Supervision	0	1,500	750	750	750	1,500	0	750	6,000
Mains and service labor	1,166	1,089	1,565	1,198	1,174	1,466	824	750	9,232
Service supplies & expenses	327	1,042	791	15	270	51	368	80	2,943
Contract labor	950	0	50	0	400	340	570	220	2,530
Maintenance of meters	265	53	768	0	546	502	0	0	2,134
Meter reading labor	1,226	1,089	1,433	1,198	1,174	2,316	299	780	9,515
Acctg. & collecting labor	1,700	1,700	2,025	1,700	1,700	1,375	2,550	1,825	14,575
Computer billing	130	131	131	130	129	0	255	127	1,033
General & admin. salaries	1,700	3,200	2,650	2,450	2,450	3,725	2,025	2,975	21,175
Office supplies & expenses	768	527	806	533	628	439	1,294	932	5,925
Outside services employed	1,574	1,865	2,791	2,347	1,737	5,375	4,122	1,249	21,061
Insurance	600	0	1,800	804	1,273	0	1,388	0	5,865
Employee Benefits	218	109	109	125	125	249	0	125	1,060
Miscellaneous general exp	89	61	0	58	0	310	0	732	1,250
Rents	600	725	600	600	1,100	600	600	600	5,425
Transportation expense	2,093	983	1,942	3,364	1,498	1,797	2,027	2,025	15,729
Interest - Bank Josephine	583	583	1,315	569	569	1,300	569	1,942	7,430
Interest - Meter deposits	273	272	270	269	266	262	(261)	297	1,650
Interest - Other	705	6	35	35	35	0	113	35	964
Interest - Commer Trust	271	271	255	288	271	271	280	280	2,188
Interest - KISU	0	0	0	0	0	0	28,176	2,438	30,614
Interest - ARG	0	0	0	0	0	0	7,955	668	8,623
Depreciation	3,680	3,680	3,680	3,708	3,738	3,749	3,750	3,750	29,736
Amort of organization costs	127	127	127	127	127	127	127	127	1,016
Amortization of loan cost	339	170	170	170	170	170	170	0	1,357

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 COMPARATIVE STATEMENTS OF INCOME
 For The Eight Months Ended August 31, 1999

	January	February	March	April	May	June	July	August	Year-to-Date
Payroll tax expense	443	427	530	1,112	440	1,500	551	542	5,544
Taxes other than income	0	0	0	0	0	0	0	15	15
Public Serv Company Assess	0	0	0	0	0	0	449	0	449
Total expenses	45,850	46,101	48,474	30,034	24,574	30,270	60,307	25,643	311,253
Income from operations	19,733	10,543	9,810	(7,423)	(12,157)	(18,188)	(49,977)	(14,783)	(62,442)
Other income									
Amort of acquisition adjustment	909	909	909	909	909	909	909	909	7,272
Interest income	0	0	0	0	0	0	0	6	6
Total other income	911	908	908	909	908	909	910	915	7,277
Net income	\$ 20,644	\$ 11,451	\$ 10,718	\$(6,514)	\$(11,249)	\$(17,279)	\$(49,067)	\$(13,868)	\$(55,165)

See Accountant's Compilation Report

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 08 1999

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
FOR APPROVAL OF FINANCING

)
) CASE NO. 99-074
)

PUBLIC SERVICE
COMMISSION

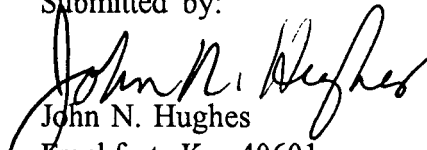
RESPONSE TO ORDER OF OCTOBER 1, 1999

Sigma Gas Corporation (Sigma), by counsel, submits the following information in response to the Order of October 1, 1999:

The proposed priority of payment to vendors is:

1. Al Humphries Consulting	\$16,446.17
2. Wells & Co., PSC	3,314.02
3. John N. Hughes, PSC	27,275.36 (\$40,666.96 10/1/99 total fees due)
4. Accrued Wages	39,500.00
5. Auxier Road Gas Co.	59,042.50
6. Susan Crum, Accounting	2,200.00
7. KISU Service Co.	37,904.46 (\$254,916.54 balance due)
8. Estill Branham	13,000.00
9. Estill Branham Rental	<u>2,400.00</u>
TOTAL DISBURSEMENT	\$201,082.51

Submitted by:


John N. Hughes
Frankfort, Ky. 40601
(502) 227-7270

Attorney for Sigma Gas
Corporation



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-074
SIGMA GAS CORPORATION, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on October 1, 1999.

Parties of Record:

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salysersville, KY. 41465

Honorable John N. Hughes
Attorney for Sigma Gas Corporation
124 West Todd Street
Frankfort, KY. 40601

Stephanie D. Bell

Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SIGMA GAS)
CORPORATION FOR APPROVAL OF) CASE NO. 99-074
FINANCING)

ORDER

On April 27, 1999, Sigma Gas Corporation ("Sigma") filed an application seeking authority to borrow \$1,511,759.99 from the Department of Local Government ("DLG"). The loan will bear an interest rate of 4 percent, with an annual repayment of \$87,425 for 30 years. The proceeds of the loan will be used to repay various creditors and to refinance existing debt.

Sigma is a Kentucky corporation doing business in Kentucky selling and distributing natural gas in and around Salyersville in Magoffin County. Sigma's facilities consist of distribution mains and meters serving approximately 725 residential customers. In Case No. 98-244, the Commission approved the rates for service currently in effect for Sigma.¹ The final Order in that proceeding approved a Settlement Agreement between Commission Staff and Sigma. The Settlement Agreement provides for an increase in Sigma's rates in order to produce additional annual operating revenues in the amount of \$84,347.

The Settlement Agreement acknowledged that Sigma intended to seek authority to borrow \$1,500,000 from DLG to refinance its current debt and accounts payable.

¹ Case No. 98-244, The Petition of Sigma Gas Corporation for Adjustment of Rates, Final Order dated October 27, 1998.

However, the Settlement Agreement did not recognize acceptance by the Commission Staff of the necessity for the proposed financing. Sigma reaffirmed its position in the rate case and states in the instant application that the revenues approved in the final Order in Case No. 98-244 will be sufficient to repay the proposed debt.²

Sigma provided a detailed list of outstanding obligations totaling \$1,511,760; Sigma proposes to finance these obligations with the new DLG loan.³ In response to a data request, Sigma indicates that the outstanding balances on a portion of the obligations have changed since the loan was approved by DLG. However, Sigma does not propose to modify the amount of the financing requested.⁴ The proposed financing was approved by DLG on February 15, 1999. The DLG approval is contingent upon Sigma's compliance with all applicable requirements of the Commission pursuant to KRS 278.300 and 278.020.⁵

The purpose of the proposed financing is to refinance \$811,013 of outstanding obligations to DLG; to pay amounts owed to employees; and to pay outstanding obligations to various vendors and creditors. The outstanding obligations to DLG were

² Petition for Approval of Financing, Received March 2, 1999, Page 2.

³ Petition for Approval of Financing, Received March 2, 1999, Exhibit 1.

⁴ Response to Order of June 22, 1999, Volume 2, Item 9.

⁵ Application for Approval of Financing, received March 2, 1999, Attached Letter from DLG to Sigma Gas Corporation.

approved by the Commission in several cases beginning in 1995.⁶ The proceeds of these financings were used to purchase and construct the assets currently installed in the Sigma natural gas system. Sigma proposes to refinance the obligations to DLG in order to lower the overall interest cost and to extend the loan repayment period to 30 years from the date of issue.

The following is a description of additional obligations Sigma proposes to retire with the proceeds from the financing requested. Such obligations include a note in the amount of \$70,000 to the Bank of Josephine. Sigma indicates that the proceeds from this note were used to purchase materials and supplies used for construction approved in Case No. 94-435.⁷ One invoice supporting the outstanding note was for a payment to Consolidated Pipe and Supply for \$42,000 in satisfaction of a judgment in Floyd Circuit Court against Auxier Road Gas Company ("Auxier Road"). Another outstanding obligation in the amount of \$168,584 to Equitable Resources Energy Company ("EREC") represents a judgment against Sigma in Floyd Circuit Court. The judgment was secured after Sigma failed to pay for its purchased gas. Subsequent to the judgment, EREC has agreed to a lump sum settlement of \$108,238.56.

Additionally, Sigma proposes to borrow \$286,881 to repay KISU Service Company, Inc. ("KISU") for costs incurred between January 1, 1994 and October 20, 1998. Sigma states that costs include labor, equipment rental for pipeline construction,

⁶ CN94-435 Order Dated August 22, 1995	\$647,198	4 percent	30 years
CN94-435 Order Dated August 22, 1995	\$156,821	5 percent	30 years
CN96-252 Order Dated July 16, 1996	\$6,994	4.25 percent	30 years

⁷ Case No. 94-435, The Petition of Sigma Gas Corporation for Approval of a Certificate of Convenience and Necessity to Construct Facilities and Approval of Financing, Final Order dated August 22, 1995.

and maintenance costs associated with a pipeline used by Sigma to deliver gas to its distribution system. Sigma states that the costs associated with the pipeline were necessary to maintain gas service during construction of the pipeline to connect Auxier Road that was approved in Case No. 94-435.

An account payable to Auxier Road in the amount of \$63,778.50 will be retired with the proceeds of the proposed loan. Based on information supplied by Sigma, the payable to Auxier Road is for accumulated gas transportation charges in the amount of \$12,806, materials purchased in the amount of \$8,972.50, and settlement of a judgment in the amount of \$42,000 for amounts owed to Consolidated Pipe and Supply Co.⁸

The remainder of the outstanding obligations is for various accounts payable to vendors, as well as payables to employees of Sigma. These obligations include payables for legal fees, consulting fees, delinquent property taxes, engineering fees, accounting fees, and gas supplier charges. Appendix A, attached hereto, contains a detailed list of the obligations Sigma proposes to pay with the proceeds of the proposed financing.

The Commission is concerned with the accumulation of these outstanding obligations by Sigma. In less than six years, Sigma has increased its outstanding long-term debt and current and accrued liabilities by nearly \$1.4 million. Neither principal nor interest has been paid to DLG by Sigma since the issuance of the loans. Sigma has also been in arrears to its gas suppliers. The proposed request for financing must be reviewed to ensure that it is necessary or appropriate for the proper performance by the utility and that such indebtedness will not impair the utility's ability to perform its service.

⁸ Response to Order of May 17, 1999, Item 1.

Appropriate financing is only part of the solution to Sigma's financial problems. Major improvements in the management and operations of the company are essential if the company is to remain operational.

KRS 278.300 provides:

- (1) No utility shall issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized so to do by order of the commission.
- (2) Application for authority to issue or assume securities or evidences of indebtedness shall be made in such form as the commission prescribes. Every such application shall be made under oath, and shall be signed and filed on behalf of the utility by its president, or by a vice president, auditor, comptroller, or other executive officer having knowledge of the matters set forth and duly designated by the utility. Every such application shall be placed at the head of the docket of the commission and disposed of promptly within sixty (60) days after it is filed with the commission, unless it is necessary for good cause to continue the application for longer time than sixty (60) days, in which case the order making the continuance shall state fully the facts that make it necessary.
- (3) The commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and the proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.
- (4) The commission may grant or deny the application in whole or in part, or may grant it with such modifications and upon such terms and conditions as the commission deems necessary or appropriate.

FINDINGS

This case presents an unusual request for construction financing authorization by the Commission. Ordinarily, such a request for financing authorization is submitted prior to construction as required by Commission statutes and regulations. However, because this was not followed in the instant case, the costs for which the financing proceeds will be used have already been incurred by Sigma. Therefore, the Commission must consider the legitimacy of the costs, the accuracy of the amounts, and the necessity for the purchases that created the payables.

Based on the outstanding obligations Sigma proposes to finance, a portion of those obligations are capital in nature while others are operating in nature. Sigma contends that those of a capital nature are obligations incurred for the construction of additional facilities to serve new customers. According to information supplied by Sigma in its response to a data request, the capital construction costs consist of approximately 18 miles of new gas distribution mains and services to provide natural gas to approximately 200 new customers.⁹

CONSTRUCTION OF ADDITIONAL GAS DISTRIBUTION MAINS AND SERVICES

Based on the evidence herein, a prima facie case exists that Sigma is in violation of KRS 278.020, by constructing major additions to plant without a Certificate of Public Convenience and Necessity. In August 1995, the Commission granted Sigma a Certificate of Public Convenience and Necessity to construct natural gas distribution facilities at an estimated cost of \$632,671.¹⁰ The Commission shall designate this

⁹ Response to Order of June 22, 1999, Item 1.

¹⁰ Case No. 94-435, Final Order dated August 22, 1995.

approved construction as Phase I for the purpose of identification only. In the same proceeding, the Commission granted approval of \$804,019 in financing from DLG. The financing was for the approved construction of Phase I and to retire an obligation to the Bank of Josephine, which was outstanding at a higher interest rate.

Based upon various data responses, the Commission has determined that Sigma has constructed approximately 13.5 miles of additional distribution lines without Commission approval. The Commission shall designate this unapproved construction as Phase II for the purpose of identification only. The cost of the Phase II construction, based on the Commission Staff estimates contained herein, is \$447,406. This level of construction represents an increase in Sigma's plant investment of approximately 40 percent, based on the level of plant in service at the end of calendar year 1996. An increase in plant investment of 40 percent is clearly not in the ordinary course of business.

Although Sigma argues that the additional construction was conducted at the directive of the Commission in Case No. 94-435,¹¹ there was no authorization in that case for the Phase II construction to serve new customers.

The Commission finds that the construction of the additional miles of distribution pipeline and the service to new customers were not authorized in advance as required by Commission statutes and regulations. Such construction of utility assets requires a Certificate of Public Convenience and Necessity. Therefore, nothing in this Order shall in any way be construed as the Commission granting approval for the Phase II

¹¹ Response to Order of June 22, 1999, Item 1.

construction project pursuant to KRS 278.020(1), and nothing herein shall preclude the Commission from investigating this matter pursuant to KRS 278.990 and KRS 278.992.

COSTS TO BE FUNDED WITH LONG-TERM FINANCING

Operating Costs

Sigma proposes that a portion of the proceeds of the financing be used for financing of prior operating expenses. The expenses related to property taxes, legal fees, accounting expenses, payroll, and purchased gas are clearly operating costs in nature. In Case No. 96-252,¹² the Commission denied Sigma's request for approval of \$114,306 of additional financing because it was for operating costs. The Commission reaffirms its opinion that it is not financially prudent for utilities to incur long-term financing for current operating costs.

Capital Construction

Upon review of the documentation submitted, Sigma failed to provide detailed information that traces verifiable costs to the capital asset constructed. The invoices submitted by Sigma were not linked to specific plant items. The Commission found that the documentation did not constitute adequate accounting records upon which to base the cost of plant additions to be financed with the proposed loans. Consequently, the Commission cannot fully evaluate all of the costs associated with the outstanding obligations to determine whether they were capital or operating.

In lieu of adequate accounting records upon which to base the cost of plant additions to be financed with the proposed loans, the Commission established a

¹² Case No. 96-252, The Petition of Sigma Gas Corporation for Approval of Financing, Final Order dated July 16, 1996.

reasonable level of investment based on Commission Staff cost estimates of the construction of facilities. These facilities are documented in the maps supplied by Sigma in response to a data request.¹³ The cost estimates were prepared by Commission Staff, as described below.

Commission Staff Estimate of Construction Costs

The construction work authorized by the Commission in Case No. 94-435, and referred to herein as Phase I, was completed by a construction contractor and supervised by a professional engineer on December 31, 1995. After completion of the approved construction, Sigma continued to extend its mains and distribution system without Commission approval. Sigma hired neither a professional engineer nor a construction contractor for the Phase II extension of its mains and distribution system; therefore, neither bid documents nor records of actual construction are available for Commission review.

Sigma provided drawings for the route of the pipelines installed in Phase II of the construction. Commission Staff relied upon these drawings to estimate the costs of construction from January 1, 1996 until the present time by measuring the length of the pipelines installed for each size, as indicated by the drawings in the record, and estimating the costs of installation based upon the construction costs incurred in Phase I. Additional costs, including hook-ups, meters, regulators, and service lines, were estimated by Staff from information provided by Sigma. In addition, the estimated costs of construction were adjusted to reflect the percentage increase in the Consumer Price Index. The cost of Phase II is estimated to be \$447,406.

¹³ Response to Order of July 28, 1999, Item 8.

AMOUNT OF FINANCING AUTHORIZED

In keeping with the Commission's policy of allowing long-term financing for only capital extensions and improvements, the Commission will allow additional financing in the amount of \$447,406. Based upon the best information available, the Commission adopts the construction estimate developed by Commission Staff for Phase II. The Commission will allow a portion of the financing to cover outstanding operating expenses that were deferred when internally generated funds were used to cover construction costs, rather than ongoing operating expenses. This additional financing of \$447,406, combined with the \$811,013 outstanding to DLG, results in a total financing authority of \$1,258,419. Accordingly, Sigma shall adjust its financing request to DLG to reflect the \$1,258,419 authorized by the Commission.

In consideration of how much additional financing should be approved, the Commission has considered Sigma's financial ability to repay the debt. In response to data requests concerning Sigma's ability to repay additional financing, Sigma has provided a projected cash flow statement, which indicates that there will be sufficient funds available to repay the additional debt.¹⁴ While the statement reflects positive cash flow, the fact that Sigma has not made principal or interest payments on its current DLG loans raises concerns about the ability to repay the loans. In addition, Sigma has reflected net losses from operations in the last five calendar years.

COMMISSION CONCERNS

The Commission is granting a portion of the proposed financing to help Sigma achieve financial stability. However, the approval of financing alone will not alleviate the

¹⁴ Response to Order of May 17, 1999, Item 23.

financial problems of Sigma. It is incumbent upon the owners and management of Sigma to address each of the following Commission concerns in a way that will improve the financial condition and operations of the company and bring it into compliance with Commission standards. The Commission concerns are in the areas regarding Sigma's failure to (1) pay current obligations to vendors; (2) repay long-term debt obligations; (3) maintain appropriate accounting and financial records; and (4) properly support related party transactions. The following is a discussion of these concerns:

1. Payment of Current Obligations to Vendors

Sigma indicates in several of the data responses that certain costs were billed to Auxier Road due to the fact that Sigma could not obtain credit from the vendors for the purchases. The record reflects also that Sigma is in arrears in payments of property taxes to the county government. These obligations must be paid in order to continue to operate the company unencumbered. Sigma must implement procedures whereby payments can be made on a timely basis to all vendors and creditors.

Of further concern to the Commission is Sigma's failure to pay its natural gas suppliers. Sigma indicates that it does not currently have a written contract with its gas supplier,¹⁵ and that Auxier Road is purchasing and reselling gas to Sigma¹⁶ for distribution to its customers. One of the items Sigma is proposing to finance is an outstanding balance to Alliance Energy Services for past due gas purchases. The Commission does not find any compelling reason for the payment for purchased gas costs to have been deferred. Sigma has a Gas Cost Adjustment Clause that provides

¹⁵ Response to June 22, 1999 Order, Volume 2, Item 16.

¹⁶ Response to Order of May 17, 1999, Item 9.

for the timely pass through of the cost of gas, as well as increases and decreases in gas costs to the customers. Consequently, funds to pay for wholesale gas costs are recovered directly from the customers. These costs should not be recovered a second time through rate increases or long-term financing. It is incumbent upon Sigma to pay its gas costs currently to ensure a continued gas supply for its customers.

2. Repayment of Long-Term Debt Obligations

The record in this case reflects that Sigma has not made any principal or interest payments on the outstanding debts to DLG since the initial financing was approved in 1995 in Case No. 94-435.¹⁷ The financing arrangement with DLG was favorable to Sigma and provided an opportunity for Sigma to improve its financial condition and credit rating. The failure of Sigma to comply with the terms of the DLG financing threatens its ability to continue to provide gas service to its customers. Under the terms of the promissory note, Sigma is in default and is subject to foreclosure by its creditors.

Sigma states that it has not recorded any accrued interest on the DLG loans due to an oversight in accounting procedures. Sigma states further that DLG is willing to waive all of the past due interest payable on the existing loans in lieu of the new financing.¹⁸ If Sigma were required to pay the interest on the loans of \$647,198 and \$156,821, currently outstanding to DLG, it would amount to approximately \$121,388.08 without consideration of any compounding on the unpaid interest.¹⁹ Sigma's annual

¹⁷ Response to Order of May 17, 1999, Item 17.

¹⁸ Response to Order of May 17, 1999, Item 24.

¹⁹ Id.

losses and its overall financial condition would obviously have been worse if it had accrued these obligations.

As a condition of approval of this additional financing, Sigma shall be required to report quarterly to the Commission on its compliance with the escrow provisions of the new loans. Reporting requirements are set out more specifically in a later section of this Order.

3. Maintenance of Appropriate Accounting and Financial Records

In 1994, the Commission conducted a financial audit of Sigma. In the management letter attached to the audit report,²⁰ the Commission advised Sigma that it should maintain accurate plant records. There is no evidence in this case that Sigma has complied with that recommendation. As demonstrated by the problems created by lack of appropriate plant records, it is essential that Sigma begin keeping appropriate subsidiary records of its assets. Sigma shall, within 180 days of the date of this Order, institute a plan to maintain plant records that will meet Commission standards. Sigma's plan shall identify services, meters, mains and other equipment and shall record the original cost of those assets in the subsidiary ledger, as stated in the management letter. The Commission will provide Staff assistance in the development of this plan. The Commission will require a progress report within 60 days of the date of this Order and each 60 days thereafter until the situation is corrected.

²⁰ The management letter of January 30, 1996 to the Kentucky Public Service Commission from the Division of Financial Analysis is attached to the Report of Audit for the year ended December 31, 1994.

4. Support for Related Party Transactions

In the Order approving the transfer of Salyersville Gas Company, Inc. to Sigma, the Commission expressed concerns about the arrangement whereby the party managing the company, Estill Branham, could authorize payments to related parties without proper oversight or review.²¹ At that time, the Commission required the terms of the management contract between Mr. Branham and Sigma be modified to require the Board of Directors to review and approve transactions involving Mr. Branham or his family members that were not covered by the management agreement.²²

Invoices provided by Sigma in this proceeding reflect that there are numerous transactions that have been conducted between Sigma and Mr. Branham and other companies that are owned by Mr. Branham or his family members. Many of the invoices for materials and supplies are made out to Auxier Road, a private company, the principal officers of which are Mr. Branham and his wife. Some invoices are directly from Mr. Branham personally to Sigma for materials and supplies. There are also outstanding debts totaling \$286,881 to KISU, which is also owned by related parties.

There is no evidence in this proceeding that would indicate that any of the costs referenced above were specifically approved by the Board of Directors as required in Case No. 93-349.²³ Rather, the response to one data request indicates that Mr.

²¹ Case No. 93-349, The Joint Application of Sigma Gas Corporation and Salyersville Gas Company, Inc. for Approval of the Acquisition of Assets of Salyersville Gas Company, Inc., Final Order dated December 15, 1993, at page 3.

²² Id., page 8.

²³ Id.

Branham officially approves both the charges billed by KISU to Sigma, and the payments of the invoices paid by Sigma to KISU.²⁴

Sigma shall establish operating and accounting procedures that will ensure that costs are properly charged and prices for goods and services used in the utility operations are reasonable. The Commission will provide Staff assistance in the development of these procedures. Within 180 days from the date of this Order, Sigma shall establish an operating and accounting system that will meet the affiliate transaction standards required by the Commission. Work shall begin immediately on the system and immediate steps shall be taken to correct the situations discussed herein. The Commission shall require a progress report to be submitted by Sigma within 60 days of the date of this Order and each 60 days thereafter until this situation is corrected.

MEASURES FOR COMPLIANCE WITH THE PROVISIONS OF THIS ORDER

In order to establish some measure of compliance with the provisions of this Order, the Commission establishes the following safeguards: (1) priority disbursement of authorized financing proceeds, (2) priority payment of expenses, (3) reporting requirements, and (4) initiation of Commission Staff audit.

Sigma shall be required to comply with these requirements until further Order of the Commission.

1. Priority Disbursement of Authorized Financing Proceeds

The Commission has expressed its concerns with regard to the financial condition of Sigma. Based on the severity of the financial problems, the Commission

²⁴ Response to Order of June 22, 1999, Volume 2, Item 22.

believes it is necessary to institute specific requirements for priority of the disbursement of the proceeds from the financing approved herein. The proceeds of the financing should be disbursed as follows:

1. Retirement of all outstanding obligations to DLG	\$ 811,013.00
2. Retirement of the debt to the Bank of Josephine	70,000.00
3. Retirement of the settlement to Equitable Resources	108,238.56
4. Alliance Energy Services	24,311.53
5. Sheriff Wireman, property taxes	19,385.45
6. American Meter Co.	8,795.21
7. Fisher Controls International Inc.	2,786.74
8. Payable to Auxier Road for transportation services	12,806.00
9. Other items enumerated in Appendix A	201,082.51
TOTAL	<u>\$1,258,419.00</u>

However, in consideration of the fact that some of the outstanding obligations have increased and others have decreased, the Commission will require Sigma to submit a proposed disbursement schedule before any funds are disbursed. The schedule shall contain the outstanding balance of the various obligations Sigma proposes to retire and shall be prioritized as follows:

Items 1 through 8 from above shall be disbursed first. The remainder of the proceeds, approximately \$201,082.51, shall be used to retire the remaining obligations included in Appendix A. In determining which of the remaining obligations to pay first, Sigma shall consider, among other factors, the level of risk of legal action by the creditor. Based on the Commission's concerns regarding related party transactions, and the lack of documentation supporting the outstanding obligation to KISU, the Commission will require that obligations to related parties be ranked last in priority of payment.

The proposed disbursement schedule shall be submitted within 15 days from the date of this Order. No funds shall be disbursed prior to Commission approval of Sigma's proposed disbursement schedule.

2. Priority Payment of Expenses

Because of the concerns expressed above, the Commission believes it is essential for Sigma to establish and follow a payment priority for certain expenses in lieu of their deferral. The first priority of payments shall be Sigma's gas supplier. As discussed above, Sigma is currently in arrears in its payments to its natural gas supplier. Debt service payments to the escrow account shall be the second priority. The DLG financing also requires payments into an operating fund for contingencies. Sigma shall use all proceeds from revenues after payment of current operating expenses to fund this reserve account as required. The third priority for payment shall be vendors that have liens against the assets of the company. Companies charging late payment penalties shall be the fourth item paid from the monthly operating revenues. One exception to the above priorities is that Sigma shall defer payments for any related party transactions until all other obligations have been paid.

3. Reporting Requirements

In order to monitor the progress of Sigma in meeting the objectives of this Order, the Commission establishes the following reporting requirements:

- a. Quarterly financial statements including Comparative Balance Sheet, Income Statement, and monthly cash flow statement.
- b. Quarterly reports of payments to the escrow account.
- c. Every 60 days from the date of this Order, progress reports on actions to bring the operating and accounting systems into compliance with the affiliated transaction requirements and other Commission standards regarding plant records discussed in this Order.

d. An affidavit, with each filing, stating that Sigma has complied with all of the provisions of this Order.

4. Initiation of Commission Staff Audit

Due to the substantial problems revealed during the review of Sigma's records, the Commission believes it is essential to conduct a financial audit at this time. The audit will cover the operations of Sigma for the calendar year 1998, but will also include examination of prior years' records to the extent determined necessary to properly evaluate beginning balances. The scope of the audit will cover the accounting system of Sigma, as well as the transactions between Sigma and its related companies, Auxier Road and KISU. Compliance with prior Commission Orders will also be evaluated. The Commission expects Sigma to cooperate with Commission Staff auditors and to provide access to the books and records of KISU, Auxier Road, and any other corporations affiliated with the management of Sigma.

IT IS THEREFORE ORDERED that:

1. Sigma is authorized to borrow \$1,258,419 from DLG for a 30-year period bearing interest at 4.0 percent per annum for the purposes set out above.
2. The remainder of the proposed financing is hereby denied.
3. Sigma shall adjust its financing request to DLG in accordance with this Order.
4. Sigma shall distribute the proceeds of the financing in the order of priority established in the section above entitled "Priority Disbursement of Authorized Financing Proceeds," and shall file its proposed disbursement schedule within 15 days of the date

of this Order. Sigma shall not disburse any funds prior to Commission approval of the proposed disbursement schedule.

5. Sigma shall establish a payment priority list of ongoing operating expenses from the proceeds of its operating revenues, in consideration of the priorities established in the section above entitled "Priority Payment of Expenses" and shall follow said priorities until further Order of the Commission.

6. Within 180 days of the date of this Order, Sigma shall institute a plan to maintain plant records and establish an operating and accounting system that will meet the affiliate transaction standards required by the Commission.

7. Sigma shall comply with each of the reporting requirements contained in the section entitled "Reporting Requirements" as if each were individually so ordered. The quarterly reports shall commence with the Fourth Quarter of 1999. Each quarterly report shall be filed 30 days after the close of the quarter. The first report of the progress on compliance with the operating and accounting system and other Commission standards regarding plant records shall be filed within 60 days of the date of this Order and every 60 days thereafter until corrected.

8. Nothing in this Order shall be construed as granting a Certificate of Public Convenience and Necessity to Sigma for the construction of utility assets referred to herein as Phase II.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 1st day of October, 1999.

By the Commission

Chairman B. J. Helton took no part in the review and consideration of this application.

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-074 DATED OCTOBER 1, 1999

<u>Creditor Name</u>	<u>Amount per Application Exhibit 1</u>	<u>Amount per Response to May 17, 1999 Order</u>	<u>Payment Authorized by Final Order</u>
Department of Local Government	\$647,198.00	\$647,198.00	\$647,198.00
Department of Local Government	156,821.00	156,821.00	156,821.00
Department of Local Government	6,994.00	6,994.00	6,994.00
Equitable Resources Energy	168,584.00	108,238.56	108,238.56
The Bank of Josephine	70,000.00	70,000.00	70,000.00
John N. Hughes, Atty. at Law	17,193.41	27,275.36	
Auxier Road Gas Company, Inc.	63,778.50	71,848.50	12,806.00
Alliance Energy Services	29,511.53	24,311.53	24,311.53
KISU Service Company, Inc.	286,881.00	292,821.00	
Al Humphries Consulting	19,348.44	16,446.17	
Sheriff Wireman, Property Taxes	6,362.61	19,385.45	19,385.45
Wells & Company, PSC	1,237.50	3,314.02	
Susan A. Crum, Accounting	2,200.00	2,200.00	
Estill Branham	13,000.00	13,000.00	
Accrued Wages	22,650.00	39,500.00	
Estill Branham Rental		2,400.00	
American Meter Co.		8,795.21	8,795.21
Fisher Controls International, Inc.		2,786.74	2,786.74
Amount Available for Other Items			201,082.51
Totals	<u>\$1,511,759.99</u>	<u>\$1,513,335.54</u>	<u>\$1,258,419.00</u>

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 11 1999

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
FOR APPROVAL OF FINANCING

PUBLIC SERVICE
COMMISSION

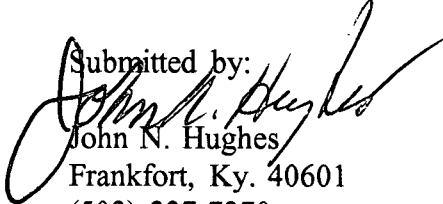
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) CASE NO. 99-074
)

SUPPLEMENTAL RESPONSE TO ORDER OF JULY 28, 1999

Sigma Gas Corporation (Sigma), by counsel, submits the following additional information in response to the Order of July 28, 1999:

RESPONSE:

8. In an effort to provide the Staff with all information requested and to facilitate the approval of the application, Sigma's engineer is providing the attached copies of the final as-built plans for the total project expansion.

Submitted by:

John N. Hughes
Frankfort, Ky. 40601
(502) 227-7270

Attorney for Sigma Gas Corporation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
FOR APPROVAL OF FINANCING

RECEIVED

AUG 06 1999

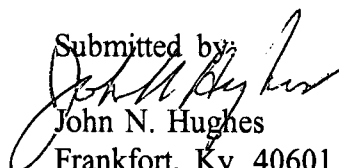
PUBLIC SERVICE
COMMISSION

)
) CASE NO. 99-074
)

RESPONSE TO ORDER OF JULY 28, 1999

Sigma Gas Corporation (Sigma), by counsel, submits the following information in response to the Order of July 28, 1999:

Submitted by:


John N. Hughes
Frankfort, Ky. 40601
(502) 227-7270

Attorney for Sigma Gas
Corporation

WITNESS FOR ALL RESPONSES: ESTILL BRANHAM

1. Tabulate the length, diameter, material and maximum operating pressure of each segment of pipeline installed by Sigma during Phase II of the project.

RESPONSE:

DIAMETER	LENGTH	MATERIAL	OPERATING PRESSURE
3/4"	29,500	Drisco pipe SDR 11.5-2406	50
1"	30,500	Drisco pipe SDR 11.5-2406	50
1 1/4"	2,000	Poly pipe yellow SDR 11.5-2406	50
2"	26,280	Drisco pipe SDR 11.5-2406	50
3"	14,080	Drisco pipe SDR 11.5-2406	50
4"	21,580	Drisco pipe SDR 11.5-2406	50
6"	8,480	Drisco pipe SDR 11.5-2406	50

2. Provide the length and type of any road and creek crossing performed by Sigma during Phase II of the project.

RESPONSE: Road Crossings:

2 - 30' - 3"

1 - 35' - 4"

3 - 30' - 2"

No creek crossings

3. Provide the costs incurred by Sigma for installing service lines for the 174 customers established in Phase I of the project. Explain whether the construction of these service lines was performed by the contractor and whether it was within the scope of the work of the contract.

RESPONSE: Sigma installed all service lines at an average cost of \$400.00 per customer. The actual cost per customer depended on the length of the line and the time required to install it.

As explained in Case 94-435, the contract was for main extensions only, not service lines. The contractor did not install service lines.

4. Were any costs reimbursed by the customers for the installation of the service lines as referenced in question 3 above? If so, provide the amounts.

RESPONSE: No.

5. Provide the cost incurred by Sigma for installing service lines to Sigma's customers during Phase II of the project.

RESPONSE: The average cost was \$400.00.

6. Provide any cost reimbursed by customers for the work done by Sigma in question 5 above.

RESPONSE: \$0

7. Provide additional cost incurred by Sigma during phase II of the project which are not indicated in item 6 above.

RESPONSE: Sigma has previously identified all costs associated with the project.

8. Provide copies of as-built plans showing the route of the pipeline of Phase I and Phase II of the projects. A scale should be indicated on each map.

RESPONSE: As explained in the prior responses to this question, the maps will be provided by the engineer when he is paid for his services. Payment is contingent upon approval of the loan requested in this case.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

July 28, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY. 41465

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-074

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SIGMA GAS)
CORPORATION FOR APPROVAL OF) CASE NO. 99-074
FINANCING)

O R D E R

IT IS ORDERED that Sigma Gas Corporation ("Sigma") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record within 10 days from the date of this Order. Sigma shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested should a public hearing be scheduled. Each copy of the data 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 labeled, for example, Item 1(a), Sheet 2 of 6.

To avoid any confusion, Sigma may refer to the construction of the pipelines which were approved by the Commission in Case No. 94-435¹ and constructed by the contractor Walter Martin from September 1, 1995 to January 1, 1996 as Phase 1 of the project. Sigma may refer to the construction of the pipelines performed by Sigma since January 1996 to present time as Phase II of the project.

¹ Case No. 94-435, The Petition of Sigma Gas Corporation for Approval of a Certificate of Convenience and Necessity to Construct Facilities and Approval of Financing.

1. Tabulate the length, diameter, material, and maximum operating pressure of each segment of pipeline installed by Sigma during Phase II of the project.
2. Provide the length and type of any road and creek crossings performed by Sigma during Phase II of the project.
3. Provide the costs incurred by Sigma for installing service lines for the 174 customers established during Phase 1 of the project. Explain whether the construction of these service lines was performed by the construction contractor and whether it was within the scope of work of the contract.
4. Were any costs reimbursed by the customers for the installation of the service lines as referenced in question 3 above? If so, provide the amounts.
5. Provide the costs incurred by Sigma for installing service lines to Sigma's new customers established during Phase II of the project.
6. Provide any costs reimbursed by customers for the work done by Sigma in question 5 above.
7. Provide any additional costs incurred by Sigma during Phase II of the project, which are not indicated in the 6 items above.
8. Provide two copies of as-built drawings showing the route of pipelines of Phase 1 and Phase II of the projects. A scale should be indicated on each map.

Done at Frankfort, Kentucky, this 28th day of July, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 22, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY. 41465

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-074

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in black ink that reads "Stephanie J. Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SIGMA GAS)
CORPORATION FOR APPROVAL OF) CASE NO. 99-074
FINANCING)

O R D E R

On April 27, 1999, Sigma Gas Corporation ("Sigma") filed its petition seeking the Commission's approval of financing in the amount of \$1,511,760. On May 17, 1999, the Commission issued an Order requesting information from Sigma concerning the debt and the disposition of the proceeds of the loan. On May 26, 1999, Sigma filed its response to that Order.

KRS 278.300(2) provides that the Commission shall have 60 days after filing to consider applications for authority to issue or assume securities or evidences of indebtedness unless it is necessary for good cause to continue the application. As the Commission has not completed its investigation of this matter, the Commission finds that good cause exists to continue this application beyond the 60-day period specified in KRS 278.300(2). The Commission finds that it is necessary to request additional information about the application of the loan proceeds in order to fully investigate the purposes and uses of the proceeds of the loan as required by the legislative directive contained in KRS 278.300(3). The Commission is required to determine if the loan is consistent with corporate purposes and necessary and appropriate for use by the utility

in its performance and in its service to the public. The additional time which will be required by Sigma and the Commission to answer and to review each question will exceed the 60 days from the filing date in this case.

The Commission, being sufficiently advised, HEREBY ORDERS that:

1. The application of Sigma for authority to incur additional indebtedness is continued beyond the 60-day period specified in KRS 278.300(2).

2. Sigma shall file with the Commission by July 12, 1999, the original and 6 copies of the information requested in Appendix A, attached hereto, with a copy to all parties of record, if any. Each copy of the data 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 that it is legible. Where information requested herein has been provided along with the original application or other data request, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

Done at Frankfort, Kentucky, this 22nd day of June, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-074 DATED JUNE 22, 1999

1. In Sigma's response to Item 26 of the Order dated May 17, 1999, the actual cost for the construction of the pipeline was \$1,143,135 compared to its estimated construction cost of \$632,671.¹

a. Explain in detail why the cost of construction, as set out in Sigma's response, is 80 percent more than the amount authorized by the Commission in Case No. 94-435?

b. Why did Sigma fail to file with the Commission the actual cost of construction as ordered in the Commission's Order dated August 22, 1995 in Case No. 94-435?

c. When did Sigma realize that the cost of construction would exceed the authorized budget for the construction? What actions did Sigma take to control expenses? Why did Sigma fail to notify the Commission that it was experiencing significant cost overruns?

2. a. Tabulate itemized costs for all the materials and equipment as they were estimated before construction versus the actual costs of same incurred during or after the construction for the pipeline project in Case No. 94-435.

b. Tabulate itemized construction costs as they were estimated for the pipeline project in Case No. 94-435 versus the actual costs incurred for each item.

¹ Case No. 94-435, The Petition of Sigma Gas Corporation for Approval of a Certificate of Convenience and Necessity to Construct Facilities and Approval of Financing.

c. Tabulate any other estimated costs and actual costs for any other items pertaining to the same project and the total costs of each set of items.

3. Provide the actual construction schedule for the pipeline project in Case No. 94-435.

4. At the date of completion of construction and commencement of operation of the pipeline in Case No. 94-435; of the Department of Local Government ("DLG") loan of \$647,198 how much did Sigma pay to vendors and contractors who provided service for the project? How much, if any, debt is left to be paid to debtors who provided service on the project?

5. Did Sigma submit bid documents to construction contractors to bid for the above-mentioned pipeline project? If yes, how many bids were received and what was the minimum bid? Provide a copy of the bid documents.

6. Did Al Humphries Consultant prepare and/or provide feasibility studies, design and engineering, records of inspections, drawings, etc. for the above project? If yes, will Sigma be able to file copies of the above information with the Commission? If yes, when?

7. Refer to the construction of the pipeline in Case No. 94-435. Provide the actual service and cost per foot of the pipe length charged by KISU for the actual service provided for the construction of the pipeline.

8. Refer to the maintenance of the GEI pipeline. Provide the actual length, material, and size of pipeline replaced and any other facilities added or removed and any other costs incurred by Sigma in maintaining the GEI pipeline. Provide itemized costs for each of the above to include material and labor costs.

9. Refer to response to Order of May 17, 1999, Item 1. Clarify the revised Exhibit 1 with the following information:

a. Does Sigma consider the revised Exhibit 1 an amendment to its original application or is Sigma still seeking financing for the amounts included in the original application?

b. To the extent that the amount and/or the specific items to be included in the financing have changed, provide the items and the precise amounts to be covered by the proceeds of this financing.

c. Where the balance outstanding to any of these creditors has changed from the original filing, unless information was given in this format in the initial response, provide the following information:

(1) A schedule tabulating the supporting invoices or other supporting documentation, which equals the additional amount to be paid with the requested funding. The schedule should include the vendor or payee, the total paid, and the Uniform System of Accounts ("USoA") account number to which the operating expense or capital expenditure was posted.

(2) Copies of each invoice, or other documentation, supporting the additional amount to be financed, appropriately referenced to the above tabulation schedule (i.e., No. 5, The Bank of Josephine, Item 1, page 1 of 4, and so forth, with cross-referencing back to tabulation schedule).

(3) Provide a copy of the work order which describes the work performed, and/or the goods and services purchased or an affidavit in sufficient detail to

provide a full and complete understanding of the nature and business purpose of each item of expense or capital expenditure contained in the schedule.

10. Refer to the response to Order of May 17, 1999, Item 5. The response did not include copies of work orders or an explanation of why these documents were not available. Provide the response.

11. Refer to the response to Order of May 17, 1999, Item 5. The response did not provide documentation and details of the actual work performed which generated the invoices including details of the location of assets installed, materials used, labor hours, equipment charges, and overhead charged. The invoices provided were not summarized in a form that could be used to support the cost that Sigma is seeking to finance with the proceeds of the proposed loan. In order to comply with the request, provide the following:

a. A schedule tabulating the supporting invoices or other supporting documentation, which equals the amount to be paid with the requested funding. The schedule should include the date of the transaction; the check number; the vendor or payee; the amount paid; and the USoA account number to which the operating expense or capital expenditure was posted. Sigma shall also provide:

(1) Copies of each invoice, or other documentation, supporting the additional amount to be financed, appropriately referenced to the above tabulation schedule (i.e., Item 1, page 1 of 4, and so forth, with cross-referencing back to tabulation schedule).

(2) Copies of work orders which describe the work performed, and/or the goods and services purchased or an affidavit in sufficient detail to provide a

full and complete understanding of the nature and business purpose of each item of operating expense or capital expenditure contained in the schedule.

(3) For each capital expenditure, provide the location and complete description of the assets installed and copies of the subsidiary records documenting the existence of the capital asset.

12. Refer to the response to Order of May 17, 1999, Item 5. Explain why the amount owed to Consolidated Pipe & Supply Company, Inc. is used to support both the amount outstanding to Auxier Road Gas Company, Inc. ("Auxier Gas") and the use of the proceeds of the Bank of Josephine loan. Also provide:

a. The account the check was drawn on, date, check number, and amount paid to Consolidated Pipe & Supply Company, Inc. in settlement of the judgment.

b. Documentation of the reduction of the outstanding debt to Consolidated Pipe & Supply Company, Inc. from \$52,507.87 to \$42,000.00 per the statement contained in the response Item 8 to the Order of May 17, 1999.

13. Refer to the response to Order of May 17, 1999, Item 8. The response did not provide documentation and details of the actual work performed which generated the invoices including details of the location of assets installed, materials used, labor hours, equipment charges, and overhead charged. The invoices provided were not summarized in a form that could be used to support the outstanding obligation that Sigma is seeking to finance with the proceeds of the proposed loan. In order to comply with the request, provide the following:

a. A schedule tabulating the supporting invoices or other supporting documentation, which equals the amount to be paid with the requested funding. The schedule should include the date of the transaction; the check number; the vendor or payee; the amount paid; and the USoA account number to which the operating expense or capital expenditure was posted. Sigma shall also provide:

(1) Copies of each invoice, or other documentation, supporting the additional amount to be financed, appropriately referenced to the above tabulation schedule (i.e. Item 1, page 1 of 4, and so forth, with cross-referencing back to tabulation schedule).

(2) Copies of work orders which describe the work performed, and/or the goods and services purchased or an affidavit in sufficient detail to provide a full and complete understanding of the nature and business purpose of each item of operating expense or capital expenditure contained in the schedule.

(3) For each capital expenditure, provide the location and complete description of the assets installed and copies of the subsidiary records documenting the existence of the capital asset.

14. Refer to the response to Order of May 17, 1999, Item 8. Explain why the amount owed to Consolidated Pipe & Supply Company, Inc. is used to support both the amount outstanding to Auxier Road Gas Company, Inc. and the use of the proceeds of the Bank of Josephine loan. Provide a copy of the judgment in the amount of \$46,657.89 related to the outstanding obligation to Consolidated Pipe & Supply Company, Inc.

15. Refer to the response to Order of May 17, 1999, Item 8(b). Clarify the response. Did Sigma recover these transmission costs from ratepayers through its GCA, then fail to remit the proceeds to Auxier?

16. Refer to the response to Order of May 17, 1999, Item 9(a). Provide a copy of the agreement between Auxier and Alliance for the supply to Sigma.

17. Refer to the response to Order of May 17, 1999, Item 10. The response did not include copies of work orders or an explanation of why these documents were not available. Provide the response.

18. Refer to the response to Order of May 17, 1999, Item 10. The response did not provide documentation and details of the actual work performed which generated the invoices including details of the location of assets installed, materials used, labor hours, equipment charges, and overhead charged. The invoices provided were not summarized in a form that could be used to support the cost that Sigma is seeking to finance with the proceeds of the proposed loan. In order to comply with the request, provide the following:

a. A schedule tabulating the supporting invoices or other supporting documentation, which equals the amount to be paid with the requested funding. The schedule should include the date of the transaction; the check number; the vendor or payee; the amount paid; and the USoA account number to which the operating expense or capital expenditure was posted. Sigma shall also provide:

(1) Copies of each invoice, or other documentation, supporting the additional amount to be financed, appropriately referenced to the above tabulation

schedule (i.e., Item 1, page 1 of 4, and so forth, with cross-referencing back to tabulation schedule).

(2) Copies of work orders which describe the work performed, and/or the goods and services purchased or an affidavit in sufficient detail to provide a full and complete understanding of the nature and business purpose of each item of expense or capital expenditure contained in the schedule.

(3) For each capital expenditure, provide the location and complete description of the assets installed and copies of the subsidiary records documenting the existence of the capital asset.

19. Refer to the response to Order of May 17, 1999, Item 10(a). Provide a full description of the transactions between Global Environmental Industries, Inc. ("GEI") and KISU Service Co., Inc. ("KISU"). Explain the nature of the services provided. Provide a copy of the contractual agreement between KISU and GEI, and any agreement between GEI and Sigma or Sigma and KISU. If written contracts or other written documentation is not available, explain why it is not and provide a complete explanation of the obligations of each of the parties to these arrangements.

20. Refer to response to Order of May 17, 1999, Item 10.

a. Provide a full description of the transactions between GEI and KISU.

b. Explain the nature of the services provided.

c. Provide a copy of the contractual agreement between KISU and GEI, and any agreement between GEI and Sigma or Sigma and KISU.

d. If written contracts or other written documentation is not available, explain why it is not and provide a complete explanation of the obligations of each of the parties to these arrangements.

e. Explain who owns the GEI assets that were maintained by KISU.

f. Explain who owns the new construction that was built by KISU in relation to the GEI pipeline.

g. Provide a breakdown of the GEI costs into costs that were capitalized by Sigma and costs that were expensed. Provide complete details of the accounts charged with each amount.

h. Provide the name, address, and telephone number of the official of GEI who authorized the expenses contained on the invoices provided. If this is not the primary contact person for KISU, include the same information for the primary contact person.

i. What is the status of the receivable from GEI?

j. Provide the name of the official of KISU who authorized the work performed on the GEI line.

k. Provide the name of the official of Sigma who authorized the work and payment of the invoices from KISU.

l. Provide the name of the employees of KISU who actually performed the work on the GEI line.

m. Provide the name of any employees of Sigma who performed any work on the GEI line.

n. Provide details of the purpose of the GEI line and the customers served. Include details of who currently serves those customers.

o. Explain who receives revenues from sales to customers served by the GEI line and whether or not they are recorded on the books of Sigma.

21. Refer to the response to Order of May 17, 1999, Item 10. Provide the amount of payroll, materials and supplies and any other costs incurred directly by Sigma for maintenance of the GEI line.

22. Refer to the response to Order of May 17, 1999, Item 10.

a. Explain the purpose of the 50 pages in the back of the response containing dates, items of equipment, usage rates, hourly rates and extended amounts.

b. Explain who prepared these documents and how they are used by Sigma to support any of the cost incurred during the period involved.

c. Identify the person within Sigma who authorizes the use of and payment for the construction equipment included in the charges from KISU.

d. Explain how the price Sigma pays KISU for equipment usage is established. Include the names of the employees of Sigma and KISU who agree to the prices to be paid by Sigma. Identify the individual at KISU who authorizes the dispatch of equipment to Sigma and maintains records on the hours of use of the equipment.

23. Refer to the response to Order of May 17, 1999, Item 15. Provide the following:

a. A copy of the management contract under which Estill Branham operates Sigma with references to the provisions of the contract with regard to procurement of assets, goods and services highlighted.

b. Explain any provisions contained in the contract, which provide for purchases from affiliated companies or companies owned by related parties.

c. Explain the bidding process used by Sigma to assure that the goods and services purchased from related parties are at the lowest cost.

d. Provide any evidence that will substantiate that the prices paid to KISU for the goods and services acquired are reasonable.

24. Refer to response to Order of May 17, 1999, Item 23. In Case No. 94-435 the Commission approved the application of Sigma to construct, and approved financing from DLG in the amount of \$632,671. Describe how Sigma accounted for the use of the proceeds of the \$632,671 loan from DLG. Include a description of how the work was performed, who was responsible for oversight of the work, who authorized payment of invoices, etc.

a. Provide a schedule reflecting the disbursement of all of the proceeds of the loan from DLG in the amount of \$632,671. The schedule should contain the following:

- (1) Date of disbursement
- (2) Check number
- (3) Payee
- (4) Amount paid
- (5) Description of items purchased
- (6) Supporting invoice and any other detail describing the use of

the loan funds. Invoices should be referenced to the schedule containing information regarding the payments.

b. Provide the entries to the depreciation records for the assets acquired with the proceeds of the loan.

c. Provide copies of any subsidiary records used to record the assets constructed with the proceeds of the loans.

25. a. Refer to response to Order of May 17, 1999, Item 23. With regard to the difference between the total cost of construction approved in Case No. 94-435 in the amount of \$632,671 and the total cost of construction of \$1,143,135 provide a schedule reflecting the disbursement of the \$510,564. The schedule should be in the same format as the schedule requested in the previous question and should contain the following:

- (1) Date of disbursement
- (2) Check number
- (3) Payee
- (4) Amount paid
- (5) Description of items purchased
- (6) Supporting invoice and any other detail describing the use of

the loan funds. Invoices should be referenced to the schedule containing information regarding the payments.

b. Provide the entries to the depreciation records for the assets acquired with the proceeds of the loan.

c. Provide copies of any subsidiary records used to record the assets constructed with the proceeds of the loans.

26. Refer to response to Order of May 17, 1999, Item 23. Provide copies of all documentation supplied to the Gas System Restoration and Development and Review Board reflecting the use of the loan funds which the Commission approved in Case No. 94-435. This information should reflect the actual cost after the loan funds were expended and not the original estimates.

27. Provide an amortization schedule for the portion of the current loans that Sigma is seeking to refinance.

28. Provide an amortization schedule for the entire amount of the new loan for which Sigma is seeking approval in this case.

29. Refer to response to Order of May 17, 1999, Item 16. Provide a date certain for when the loan documents will be available.

a. Provide the expected closing date for the loan.

b. Explain how the Commission can authorize financing when the detailed loan documents are not available for its review.

c. Provide the copies of the loan documents as soon as they are available.

30. Provide the number of customers, by month through May, Sigma had during 1999.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 17, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY. 41465

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-074

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SIGMA GAS)
CORPORATION FOR APPROVAL OF) CASE NO. 99-074
FINANCING)

O R D E R

IT IS ORDERED that Sigma Gas Corporation, Inc. ("Sigma") shall file within 14 days of the date of this Order an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data 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 that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide a copy of the balance sheet that was used as the basis for the amounts included on Exhibit 1.

a. For each item included on Exhibit 1 provide the balance sheet account which contains the amount listed on the exhibit. If the amount appearing on the

balance sheet does not agree exactly with the amount listed on Exhibit 1, provide an explanation of the difference along with details of the other items included in the account.

b. If the balance in the account has been reduced since the date the amount was established on Exhibit 1, explain whether the amount of the loan will be reduced or the proceeds will be applied to some other use.

2. Provide a copy of the income statement for the same date as the balance sheet requested in Item 1.

3. In Case No. 98-103,¹ the Commission authorized the transfer of 450 shares of stock held by the estate of Grady Conley to Estill Branham. Provide the status of the stock transfer. If the transfer has taken place, provide a revised list of the current stockholders and the number of shares held by each stockholder.

4. In consideration of the stock transfer approved in Case No. 98-103, describe any changes that have occurred in the management and operations of Sigma.

5. With reference to Item 5 on Exhibit 1, Bank of Josephine note payable in the amount of \$70,000, provide the following:

a. The use of the proceeds of the note. If the loan was used for construction, provide the case number of the case in which the Commission approved the construction. If a certificate of public convenience and necessity was not requested, explain why.

¹ The Application of Sigma Gas Corporation for Approval of Transfer of Sigma Gas Corporation Stock, Final Order dated April 16, 1998.

b. Provide copies of the original work orders and/or invoices for each of the costs incurred. If work orders are not available, explain why they are not and provide any documentation available that shows details of the actual work performed which generated the invoice. Details should include, but not be limited to, the location of the assets installed, materials used, labor hours, equipment charges, and overhead charged, if any.

c. The accounts charged in connection with the use of the loan proceeds.

6. With reference to Item 6 on Exhibit 1, John N. Hughes, Attorney At Law, provide supporting documentation in the form of copies of invoices for the previous balance carried forward on the account statement dated October 5, 1998 in the amount of \$13,593.86. Include the following additional information:

a. The account charged when each of the amounts payable was recorded.

b. An explanation of the purpose of each of the items of expense included on the invoices.

7. With reference to Exhibit 1, Item 7, there are 2 invoices from Auxier Road Gas Company, Inc. to Sigma Gas Corporation for meters, regulators, and other supplies. Provide details of how and when each of these costs was recorded on the books of Sigma when the account payable was established.

8. With reference to Exhibit 1, Item 7, there are 3 invoices that total \$21,778.50 supporting the \$63,778.50 which Sigma is proposing to finance. Provide invoices or other support for the additional amounts. Also include details of why, how

and when each of these costs was recorded on the books of Sigma when the account payable was established.

a. Provide underlying monthly invoices or calculations for the gas transmission costs for the months January 1997 through September 1998. Has this outstanding balance changed since the September 1998 billing?

b. Explain whether these gas transmission costs were recovered through Sigma's Gas Cost Adjustment ("GCA") mechanism, which is designed to recover gas costs.

9. Explain the outstanding debt to Alliance Energy Services ("Alliance"). Sigma's explanation should include why these arrearages were incurred, and whether the costs evidenced by Item 8 of Exhibit 1 to Alliance were recovered through Sigma's GCA.

a. Is the \$3.10 per Mcf price from Alliance still in effect? If not, how is the price determined?

b. The original pricing provisions of the Alliance contract dated March 1, 1995 states that the price includes transportation charges to Auxier Road Gas Company. Provide a statement from Alliance verifying that the price charged to Sigma now and in the past includes transportation charges to Auxier.

10. With reference to Exhibit 1, Item 9, provide copies of the original work orders for each of the costs incurred in connection with the payable to KISU Service Company, Inc. in the amount of \$286,881.00. If work orders are not available, explain why they are not and provide any documentation available that shows details of the actual work performed for which the invoice was generated. Details should include, but

not be limited to, the location of the assets installed, materials used, labor hours, equipment charges, and overhead charged, if any. Please note that none of the invoices filed with the application contain details of the actual work performed. These invoices contain only general references to pipeline construction and to hours and days of use of equipment.

11. With reference to Exhibit 1, Item 9, provide details of the accounts charged when each of the work orders, invoices or other documented charges was recorded on the books of Sigma.

12. With reference to Item 11 on Exhibit 1, have the property taxes been paid as of this date? If no, explain the status of any collection efforts of the local taxing authority. If yes, will the amount to be borrowed from DLG be reduced by this amount?

13. With reference to Item 13 on Exhibit 1, explain the reason the accounting services are not performed in the ordinary course of business by employees of Sigma.

14. With reference to Item 15 on Exhibit 1, provide details of the accrued wages including the employees to whom the wages are payable, the nature of the work performed for the wages accrued, the dates the work was performed, and the account charged for each of the amounts which make up the \$22,650.

15. With reference to Exhibit 1, Items 7, 9, 13, 14, and 15, each of these items appear to reflect balances of transactions with family members and/or companies under common ownership with the major stockholder of Sigma, Estill Branham. Explain how the prices are established for the goods and services included in the various types of related party transactions contained in these items.

16. Provide a copy of all loan documents that will be executed for the \$1,511,760 loan.

17. Provide the total amount of principle and interest that has been paid to the Gas System Restoration and Development Account Review Board ("GSRDARB") by Sigma since the inception of the loan program conducted by the GSRDARB. The information should be categorized by annual amounts of principle and interest, beginning with the first loan obtained.

18. Provide a copy of the policies, rules, regulations, and/or guidelines under which the GSRDARB makes loans to gas companies in Kentucky for "Financial Rehabilitation."

19. In Exhibit 1 of Sigma's petition to refinance, Item 14 is \$13,000.00 owed to Estill Branham. Included as part of Exhibit 4 is a January 31, 1999 Balance Sheet, with a current liability account entitled "Loan from Shareholder - EB" of \$13,000.00. Are these the same items? If so, how long has this shareholder loan been outstanding? Does a written note exist? If so, does it bear interest, and how much has been paid annually since receipt of the loan? Provide the uses of the loan proceeds.

20. Explain the outstanding debt to Equitable Resources Energy Company ("EREC"). Sigma's explanation should include why this arrearage was incurred, whether it was recovered through the GCA mechanism, and the current status of EREC's offer to accept a lump sum payment of \$132,000.00 in satisfaction of its account (Item 4, Exhibit 1).

21. Based on a comparison of the Notes Payable from the November 30, 1998 balance sheet to the January 31, 1999 balance sheet, the notes appear

unchanged, except for a decrease in debt to EREC. Explain the cause for the decrease in the EREC debt. Is Sigma in arrears on any of these loans? Is Sigma in default on any of these loans? If yes, what, if any, action has been taken by Sigma's creditor(s)?

22. Item 9.b. of the petition refers to overall cost savings due to a reduction in interest expense. Provide calculations of these savings over the next 5 years and an amortization schedule of the old notes payable and interest expense thereon, as well as a projected loan amortization schedule for the proposed loan.

23. Item 9 of Sigma's petition states that the rates from Case No. 98-244² are sufficient to repay the proposed debt and that annual operating costs are inapplicable to the application. Case No. 98-244 was based on a 1996 calendar year test period and this petition relates to conditions surrounding the 1998 calendar year.

a. Sigma's income statement for the 1998 calendar year in Exhibit 4 shows an operating loss of \$108,231.88. Provide a pro forma cash flow statement for a projected 12-month period using the rates from Case No. 98-244 to show that funds will be available to amortize the proposed indebtedness.

b. Provide any other reasons applicable to justify how Sigma will repay the proposed refinancing in a timely manner, when based upon a review of the annual reports on file with the Commission beginning with 1996, Sigma appears not to have made any payment of interest or principal to GSRDARB.

² Case No. 98-244, The Petition of Sigma Gas Corporation for Adjustment of Rates, Final Order dated October 27, 1998.

24. Are any of the amounts included in Exhibit 1, Items 1, 2 and 3 related to past due interest on GSRDARB loans? Why has Sigma not accrued any interest on its books for amounts due GSRDARB for 1996, 1997 or 1998? Why is the repayment of interest due on the three GSRDARB loans not included as a use of the proceeds from the refinancing? Is GSRDARB agreeing to forgive the interest owed under the old loans as a condition of this refunding and refinancing?

25. Provide supporting documentation for Item 10 of Exhibit 1, \$19,348.44 due to Al Humphries Consulting. Include detailed information, such as project name, location, description of services and hours worked per day, per job or location. Provide the account(s) charged for the services by Al Humphries Consulting.

26. With reference to Item 6 of the Commission's Order in Case No. 94-435,³ provide the actual cost of construction and as-built drawings of the construction approved by the Commission in this case.

Done at Frankfort, Kentucky, this 17th day of May, 1999.

By the Commission

ATTEST:


Executive Director

³ Case No. 94-435, The Petition of Sigma Gas Corporation for Approval of a Certificate of Convenience and Necessity to Construct Facilities and Approval of Financing, Final Order dated August 22, 1995.

RECEIVED

APR 27 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE PETITION OF)
SIGMA GAS CORPORATION) CASE NO. 99-074
FOR APPROVAL OF FINANCING)

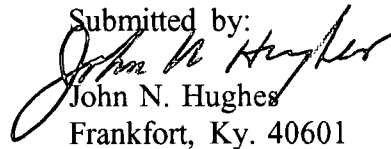
RESPONSE TO ORDER OF APRIL 21, 1999

Sigma Gas Corporation (Sigma), by counsel, submits the following information in response to the Order of April 21, 1999:

1. The affidavit of Estill Branham is attached.
2. There were no financing expenses of the DLG loans. There has been a service fee of \$29.97 charged by the Bank of Josephine for the line of credit. The proceeds from these loans were used to construct new pipeline facilities, purchase materials and supplies for the construction projects and to pay contractors and suppliers for their services and materials related to the construction.
3. As shown as part of exhibit 1 of the application, The Bank of Josephine loan is dated July 21, 1997. It has been held since July 21, 1997 or a total of 21 months. As shown on exhibit 3, page 7 of the application, the first DLG loan was issued on January 1, 1996 and matures on in 2026. It has been held since January 1, 1996 or a total of 39 months. The second DLG loan was issued on April 1, 1996 and matures in 2026. It has been held since April 1,

1996 or a total of 36 months.

Submitted by:



John N. Hughes
Frankfort, Ky. 40601
(502) 227-7270

Attorney for Sigma Gas
Corporation

AFFIDAVIT OF ESTILL BRANHAM

County of Magoffin)
Commonwealth of Kentucky)

Estill Branham, after being sworn, states that he is the President of Sigma Gas Company and that the statements contained in the Petition are true and correct to the best of his information and knowledge.

Sworn and acknowledged before me by Estill Branham on the 23rd day of April, 1999.

Estill Branham
Estill Branham

Susan L. Crew
Notary Public

My Commission Expires on: April 15, 2000



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 30, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY. 41465

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-074
SIGMA GAS CORPORATION, INC.

The Commission staff has reviewed your response of April 27, 1999 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

Stephanie J. Bell
Stephanie Bell
Secretary of the Commission

SB/sh
Enclosure

RECEIVED

MAR - 2 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
FOR APPROVAL OF FINANCING

)
) CASE NO. 99- 074
)

FILED

APR 27 1999

PUBLIC SERVICE
COMMISSION

PETITION FOR APPROVAL OF FINANCING

Sigma Gas Corporation (Sigma), by counsel, petitions for an order pursuant to KRS 278.300 granting approval of financing of the loan authorized by the Kentucky Gas System Restoration Board.

1. Sigma is a Kentucky corporation doing business in Kentucky selling and distributing natural gas in and around Salyersville in Magoffin County. Its mailing address is Box 22, Salyersville, Ky. 41465;
2. It is operating as a local distribution company subject to the Commission's jurisdiction pursuant KRS 278.010:
3. Its facilities consist of distribution mains and meters approximately 19 years old;
4. It serves approximately 725 residential customers;
5. The purpose of the loan is to repay various creditors as shown on the attached exhibit 1 and to refinance the existing company debt;
6. This application is made pursuant to the Agreed Order entered into by the company and



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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Fax (502) 564-3460

Paul E. Patton
Governor

Ron McCloud, Secretary
Public Protection and
Regulation Cabinet

April 21, 1999

Mr. Estill B. Branham, President
Sigma Gas Corporation, Inc.
P.O. Box 22
Salyersville, KY 41465

John N. Hughes, Esq.
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

Re: Case No. 99-074
Filing Deficiencies

Gentlemen:

The Commission staff has reviewed Sigma Gas Corporation, Inc.'s ("Sigma") filing in response to our March 31 filing deficiencies letter in the above case. This letter is to advise that your application remains deficient of the following items.

1. Filing deficiencies pursuant to KRS 278.300(2):

"Every financing application shall be made under oath, and shall be signed and filed on behalf of the utility by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility."

The original application and Sigma's April 9 response both included the corporate attorney's signature and an oath regarding Mr. Branham's signature, without his signature. This is a statutory requirement that cannot be waived.

2. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1)(e):

"If proceeds are to refund outstanding obligations, give: Expenses and application of proceeds, Date of obligations, Time held."

Staff considers the present indebtedness to the Department of Local Government as outstanding obligations proposed to be "refunded" and refinanced with the approval of this financing application. Accordingly, the above regulation requires that three items of information be provided with regard to each obligation to be refunded:

1. Expenses and application of (original) proceeds,
2. Date of obligations, and
3. Time (obligations have been) held.

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file ten copies of this information within 10 days of this letter. If you need further information, please contact John Williams of my staff at 502-564-3940, extension 442.

Sincerely,



Stephanie Bell
Secretary of the Commission

jdw



RECEIVED

APR 09 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
FOR APPROVAL OF FINANCING

)
) CASE NO. 99-074
)

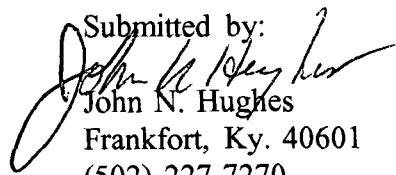
RESPONSE TO ORDER OF MARCH 31, 1999

Sigma Gas Corporation (Sigma), by counsel, submits the following information in response to the Order of March 31, 1999:

1. The attached affidavit of Estill Branham was included as part of the application filed on March 2, 1999;
2. Mortgages are listed on page 7 of the Annual Report filed as exhibit 3 of the application. There are no sinking fund provisions;
3. The notes payable and interest paid are indicated on page 7 of exhibit 3. The company is on a calendar year, not fiscal year, therefore the information provided is calendar basis;
4. There are no bonds to be issued. It is expected that DLG will require a promissory note for the amount of loan issued. The terms of the note have not been provided by DLG, but it is anticipated that the note will be secured by the assets of the company.
5. The debt will not refund any current debt, but will refinance current debt as listed in exhibit 1 of the application;

6. As stated in section 11(b) of the application, there are no trust deeds. Copies of the mortgages with DLG were previously filed with the Commission in Case Nos. 98-244, 96-252, 94-435 and 93-349.

Submitted by:


John N. Hughes
Frankfort, Ky. 40601
(502) 227-7270

Attorney for Sigma Gas
Corporation

AFFIDAVIT OF ESTILL BRANHAM

County of Magoffin)
Commonwealth of Kentucky)

Estill Branham, after being sworn, states that he is the President of Sigma Gas Company and that the statements contained in the Petition are true and correct to the best of his information and knowledge.

Sworn and acknowledged before me by Estill Branham on the 1st day of March, 1999.

Kimberly Crisp
Notary Public

My Commission Expires on: April 15, 2000



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

March 31, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P.O. Box 22
Salyersville, KY 41465

John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

Re: Case No. 99-074
Filing Deficiencies

Gentlemen:

The Commission staff has conducted an initial review of your filing in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, as it is deficient in certain filing requirements. The items listed below are either required to be filed with the application or must be referenced if they are already on file in another case or will be filed at a later date.

Filing deficiencies pursuant to 807 KAR 5001:

- 1) KRS 278.300(2) Every financing application shall be made made under oath, and shall be signed and filed on behalf of the utility by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility.
- 2) Section 6(4) Mortgages: Date of Execution, Amount of Indebtedness Secured, Sinking Fund Provisions.



- 3) Section 6(6) Notes Outstanding: Interest Paid in Last Fiscal Year.
- 4) Section 11(1)(b) If Bonds or Notes or Other Indebtedness Is proposed: Whether the dept is to be secured and if so a description of how it's secured.
- 5) Section 11(1)(e) If proceeds are to refund outstanding obligations, give: Expenses and application of proceeds, Date of obligations, Time held.
- 6) Section 11(2)(b) Copies of all trust deeds or mortgages. If previously filed, state case number.

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file 10 copies of this information within 15 days of the date of this letter. If you need further information, please contact Gary Forman of my staff at (502)564-3940, ext. 439.

Sincerely,



Stephanie Bell
Secretary of the Commission

sa





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 4, 1999

Estill B. Branham
President
Sigma Gas Corporation, Inc.
P. O. Box 22
Salyersville, KY. 41465

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-074
SIGMA GAS CORPORATION, INC.
(Financing)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received March 2, 1999 and has been assigned Case No. 99-074. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,


Stephanie Bell
Secretary of the Commission

SB/jc

RECEIVED

MAR - 2 1999

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
FOR APPROVAL OF FINANCING

)
) CASE NO. 99- 074
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FILED

APR 27 1999

PUBLIC SERVICE
COMMISSION

PETITION FOR APPROVAL OF FINANCING

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