

CASE

NUMBER:

99-260

INDEX FOR CASE: 1999-260
ALLEN COUNTY GAS TRANSPORTATION, INC.
Initial Operations Construct, Rates, Financing

IN THE MATTER OF A PETITION OF ALLEN COUNTY GAS
TRANSPORTATION, INC. FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO CONSTRUCT AND OPERATE A NATURAL GAS
DISTRIBUTION SYSTEM
PETITION OF ALLEN COUNTY GAS TRANSPORTATION, INC. FOR A
CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT THE
GAS SYSTEM, APPROVAL OF FINANCING, INITIAL RATES AND THE
OPERATION OF A NATURAL GAS DISTRIBUTION SYSTEM IN ALLEN AND
WARREN COUNTIES IN KENTUCKY

SEQ NBR	ENTRY DATE	REMARKS
0001	06/16/1999	Application.
0002	06/22/1999	Acknowledgement letter.
M0001	07/02/1999	BLUEGRASS GAS SALES INC-MOTION TO INTERVENE
0003	07/12/1999	Order entered granting Bluegrass Gas intervention.
M0002	07/13/1999	WESTERN KY GAS JACK HUGHES-MOTION TO INTERVENE
0004	07/15/1999	Filing deficiencies letter, response due 7/30/99.
0005	07/15/1999	Order denying deviation; info required by cited regulations due 7/30/99.
M0003	07/30/1999	ROBERT MITCHELL ALLEN CO GAS-RESPONSE TO FILING DEFICIENCY
0006	08/13/1999	Order granting Western KY Gas intervention
0007	08/23/1999	Order scheduling 8/30 informal conference; info due 9/14
0008	08/31/1999	Informal Conference Memorandum
M0004	09/10/1999	TIMOTHY SHARP ALLEN CO GAS-REQUEST FOR 60 DAY EXTENSION TO FILE RESPONSE TO LETTER OF AUG 2
M0005	09/15/1999	TIMOTHY SHARP ALLEN CO GAS-REQUEST FOR 60 DAY EXTENSION
0009	10/07/1999	Order denying motion for extension of time; info due 11/3 or case dismissed
M0006	11/08/1999	ROBERT MITCHELL ALLEN CO GAS-RESPONSE TO FILING DEFICIENCIES DATED AUG 23 99
M0007	12/13/1999	ROBERT MITCHELL ALLEN CO GAS-RESPONSE TO FILING DEFICIENCIES DATED NOV 5,99
0010	12/22/1999	FINAL ORDER; DISMISSES CASE WITHOUT PREJUDICE
M0008	12/30/1999	ROBERT MITCHELL ALLEN COUNTY GAS-REQUEST FOR INFORMAL CONFERENCE
0011	01/14/2000	Order scheduling 1/19 informal conference
0012	02/17/2000	Informal Conference Memorandum



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

211 Sower Boulevard
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940

February 17, 2000

Mr. Robert Mitchell
Mr. Mike Parsley
Allen County Gas Transportation, Inc.
5966 Scottsville Road, Suite 7
Bowling Green, KY 42104

RE: Case No. 99-260
Allen County Gas Transportation, Inc.

Gentlemen:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to J.R. Goff at 502/564-3940, Extension 261.

Sincerely,

A handwritten signature in cursive script, appearing to read "Martin Huelsmann".

Martin Huelsmann
Executive Director

JRG/v

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 99-260

FROM: J. R. Goff
Staff Attorney

DATE: February 16, 2000

RE: Allen County Gas Transportation, Inc
Informal conference

On January 19, 2000, an informal conference was held with representatives of Allen County Gas Company, Inc. pursuant to a written request filed with the Commission on December 30, 1999. This request for an informal conference was made under the provisions of the Commission Order of December 22, 1999, which dismissed Allen Gas Transportation's petition for a certificate to construct and operate a natural gas distribution system.

Present at this meeting for the PSC were: J. R. Goff, Faud Sharifi, Larry Amburgey, Gary Forman, Katy Finn, John Williams and Dawn McGee. Present for Allen Gas Transportation was Robert Mitchell and Mike Parsley.

The meeting was requested by Allen Gas Transportation to review and discuss filing deficiencies and omissions in its prior filings.

Commission Staff discussed the filing requirements with Allen Gas Transportation and the reasons for the past deficiencies and furnished to Allen Gas Transportation copies of requirements for filing such a petition and copies of filings by other utilities for a similar certificate.

After a comprehensive discussion the meeting was the adjourned.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

January 14, 2000

To: All parties of record

RE: Case No. 1999-260

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

Sincerely,

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

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY 40601

Robert Mitchell
Secretary-Treasurer, Director
Allen County Gas Transportation, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY 42104

Hon. John N. Hughes
124 W. Todd Street
Frankfort, KY 40601

Hon. Mark R. Hutchinson
SHEFFER HUTCHINSON KINNEY
115 E. Second Street
Owensboro, KY 42303

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)
TRANSPORTATION, INC. FOR APPROVAL)
OF A CERTIFICATE OF CONVENIENCE)
AND NECESSITY TO CONSTRUCT AND) CASE NO. 99-260
OPERATE A NATURAL GAS DISTRIBUTION)
SYSTEM)

O R D E R

On December 30, 1999, Allen County Gas Transportation, Inc. ("Allen County") moved for an informal conference in this matter. Having considered the motion and being otherwise sufficiently advised, the Commission finds that the motion should be granted.

IT IS THEREFORE ORDERED that an informal conference shall be held on January 19, 2000 at 10:00 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission's offices at 677 Comanche Trail, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 14th day of January, 2000.

By the Commission

ATTEST:


Executive Director

ALLEN Gas COUNTY

RECEIVED

December 27, 1999

DEC 30 1999

PUBLIC SERVICE
COMMISSION

Public Service Commission
Mrs. Helen Helton, Executive Director
730 Schenkel Lane
Frankfort, KY 04602

RE: Allen County Gas - Case No. 1999-260

Dear Ms. Helton

After reviewing the commission's letter dated December 22, 1999 which dismisses the above mentioned case without prejudice, the principles of Allen County Gas would like to request an informal meeting with the commission staff to review and discuss filing deficiencies and omissions in the company's prior filing. We request that this meeting be scheduled as soon as possible.

Sincerely,



Robert Mitchell

ALLEN COUNTY GAS TRANSPORTATION, INC.

5966 Scottsville Road, Suite 7 • Bowling Green, KY 42104
(270) 393-8300 • fax: (270) 393-8301 • e-mail address: allengas@premiernet.net



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. 1999-260
ALLEN COUNTY GAS TRANSPORTATION, 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 December 22, 1999.

See attached parties of record.

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY. 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY. 40601

Robert Mitchell
Secretary-Treasurer, Director
Allen County Gas Transportation, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY. 42104

Hon. John N. Hughes
124 W. Todd Street
Frankfort, KY. 40601

Hon. Mark R. Hutchinson
SHEFFER HUTCHINSON KINNEY
115 E. Second Street
Owensboro, KY. 42303

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)
TRANSPORTATION, INC. FOR)
APPROVAL OF A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO) CASE NO. 99-260
CONSTRUCT AND OPERATE A)
NATURAL GAS DISTRIBUTION SYSTEM)

O R D E R

On June 16, 1999, Allen County Gas Transportation, Inc. ("Allen County") filed a petition with the Commission seeking approval for a Certificate of Convenience and Necessity to construct and operate a natural gas distribution system. In its petition, Allen County requested it be allowed to deviate from certain of the Commission's filing requirements. On July 15, 1999, the Executive Director, by letter, informed Allen County that its petition could not be accepted because its filing was deficient: it had failed to comply with the filing requirements set out in the Commission's administrative regulations. Also on July 15, 1999, the Commission, by Order, addressed Allen County's request for deviation from certain filing requirements of the Commission. With that Order the Commission informed Allen County that if the required information was not filed within 15 days from the date of the Order, its filing would be rejected and its case dismissed.

On July 30, 1999, Allen County filed a response to the letter and Order, curing some deficiencies but leaving several areas still deficient. Allen County had not even

addressed all of the items for which its request for deviation had been denied. On August 23, 1999, the Commission issued an Order that described in detail the information that Allen County would need to file in order to cure its deficiencies and scheduled an informal conference between Allen County and members of Commission Staff to discuss the remaining deficiencies. On August 30, 1999, Staff met with representatives of Allen County in an informal conference to clarify the outstanding deficiencies and specifically to identify the information Allen County was required to file in order to cure those deficiencies.

On September 15, 1999, Allen County requested a 60-day extension of time to file the information necessary to cure its filing deficiencies. By Order dated October 7, 1999, the Commission granted Allen County a 30-day extension of time and informed Allen County that if, at the expiration of the 30-day period, it had not responded to the July 15, 1999 Order and letter, its application would be dismissed without prejudice. On November 8, and December 13, 1999, Allen County filed additional information; however, that information failed to cure all of its outstanding filing deficiencies.

DISCUSSION

After consideration of the record and being otherwise sufficiently advised, the Commission finds that Allen County has not met the minimum filing requirements for the financing and rate components of its application. Absent adequate information supporting its proposed financing, Allen County's application remains deficient, and the Commission cannot assess the proposed Certificate of Convenience and Necessity to construct a gas distribution system, nor can the Commission make reasoned determinations concerning Allen County's requests for approval of financing and rates.

Therefore, in accordance with its earlier Orders, the Commission has determined that the petition of Allen County should be dismissed without prejudice.

Neither Allen County nor other parties interested in the provision of natural gas service in the area that Allen County proposes to serve should view this decision as a final denial of the project. The Commission is supportive of such efforts and will approve a proposal that is demonstrably feasible and in the best interests of the potential customers in the area.

Prior to our issuing Orders that would provide the opportunity for such projects to be approved, the parties proposing such projects must provide assurances to the Commission on several key points. They must assure the Commission that the individuals and parties proposing such ventures are appropriately qualified, adequately financed, and committed to attaining their goals in a manner consistent with sound regulatory practices and the Commission's performance of its duties in accordance with the statutes that govern its responsibility as a regulatory agency. Unless the parties that apply for approval to establish a new utility can provide such assurances and demonstrate that they are able and willing to comply with the requisite necessities of regulation, the Commission cannot issue Orders of approval.

This decision does not close the door on Allen County's efforts to attempt to construct a natural gas distribution system and provide natural gas service. Should it wish to continue this endeavor, the Commission suggests that Allen County contact the Commission requesting assistance from the Commission Staff in further developing its proposal and preparing an application that will provide adequate justification for the project. Such a filing must comply with applicable regulations, meeting the minimum

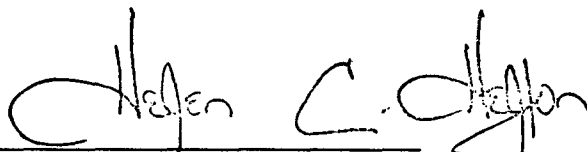
filing requirements and providing information that demonstrates the feasibility of the proposed project. A filing of this nature by Allen County would demonstrate to the Commission and to the parties interested in having natural gas service brought to their area that Allen County is capable of providing natural gas service to an area of the Commonwealth where such service currently is non-existent.

IT IS THEREFORE ORDERED that Allen County's petition for a Certificate of Convenience and Necessity to construct a gas distribution system is dismissed without prejudice.

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

By the Commission

ATTEST:



Executive Director

ALLEN Gas COUNTY

December 9th, 1999

RECEIVED
DEC 13 1999
PUBLIC SERVICE
COMMISSION

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Case No. 99-260
Response to Filing Deficiencies dated November 5th, 1999

Dear Executive Director Helton:

In reference to the commission's letter regarding filing deficiencies for the above-mentioned case, we are submitting the enclosed response to complete our application.

The enclosed information will answer question #7 by providing the requested detailed Income and Balance Sheet, which was prepared by Mike Jones of Holland and Associates, CPAs from Bowling Green, Kentucky.

We anticipate that this should complete the filing request from your office. Should you need any further information please contact us.

Thank you for your help and cooperation.

Sincerely,
ALLEN COUNTY GAS TRANSPORTATION, INC.



Robert Mitchell
Secretary-Treasurer, Director

ALLEN Gas COUNTY

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

DATED: September 7, 1999

CURRENT DATE: November 5, 1999

COMMONWEALTH OF KENTUCKY - BEFORE THE PUBLIC SERVICE COMMISSION

Allen County shall file 10 copies of the information identified in this Order as necessary to meet the Commission's minimum filing requirements. The following answers to the remaining filing deficiencies to be cured prior to the petition of Allen County being accepted as filed are intended to facilitate and assist in curing those deficiencies.

1. KAR 5:001, Section 10(6)(a): Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.

(a): N/A - Allen County Gas is a startup company, no adjustments have been applied for.

Allen County offered no descriptions or quantified explanations for its initial expected costs and expenses, or any basis for future increases reflected in its 5-year forecast (projection) of revenues and expenses. While there is no historical basis for comparison of the forecasted (projected) amounts, the petition must include documentation and explanations justifying those amounts.

(a): All cost and expenses within the 5 year Performa were based on in-house surveys conducted to establish comparable cost, gas usage, and customer data for business operations. Companies such as Western KY Gas were contacted for data concerning potential cost and implementation of projected numbers. Future increases were generally indexed for inflation at the rate of 3% except for certain categories that were either increased due to special circumstances that are not dependent on the inflation index. For additional explanations see Attachment I - page #1 - Notes I, II, III, and IV.

Page 1 of 3

2. KAR 5:001, Section 10(6)(g): Analysis of customers' bills in such detail that revenues from proposed rates can be readily determined for each customer class. While there are no historical customers' bills for purposes of analysis, the petition must include a schedule, or supporting work-papers, which show the derivation of the projected revenues for each customer class in each year included in Attachment III, the financial exhibit. This should be based on the proposed rates, projected customer levels, and projected volumes for both gas sales and transportation.

(a): See Attachment I - page #5 - "Projected Customers and Usage Rates" and page #4 - "5 Year Financial Performa" Line # 36 to 39 Customer MCF Usage Rates; Line #41 to #43 Rates by Class (Customer Cost of Gas); and Line #47 to 50 Number of Projected Customers.

3. KAR 5:001, Section 10(6)(h): Summary of determination or revenue requirements based on return on net investment rate base, return on capitalization interest coverage, debt service coverage, or operating ratio, with supporting schedules. Attachment III, the financial exhibit, includes pro forma revenues and expenses, and customer and usage projections: however, it does not include a determination of revenue requirements using any of the above-referenced methods. Such a determination must be included as part of the petition.

(a): Allen County Gas has calculated the rates charged for gas to obtain a rate of return of 16% over the five year period projected in the Financial Performa. The calculations were derived as follows: Gross Profit for Five Years / Money Invested = percentage rate of return for five years. See Attachment I - pages #3 - Note XI Use of Proceeds and page #4 - "5 Year Performa" line #73 Cumulative Gross Profit for 5 years.

4. KAR 5:001, Section 10(6)(i): Reconciliation of rate base and capital used to determine revenue requirements. Attachment III, the financial exhibit, does not include a reconciliation of rate base and capital used to determine revenue requirements. If a return on rate base or capitalization was used to determine revenue requirements, such a reconciliation must be included as part of the petition.

(a): See #3 Above

5. KAR 5:001, Section 10(6)(j): Current chart of accounts if more detailed than the Uniform System of Accounts. The referenced Attachment IV does not meet the requirements for a chart of accounts, but if Allen County's chart of accounts is not going to be more detailed than the Uniform System of Accounts, a statement to that affect will be sufficient.

(a): Allen County Gas will adopt the Uniform System of Accounts (USoA). Allen County Gas resubmits the 5 Year Financial Performa with USoA numbers added. See Attachment I - page #4 to #10.

6. KAR 5:001, Section 10(6)(n): Summary of the latest depreciation study. Since depreciation has been estimated as part of Allen County's pro forma expenses, a schedule with a detailed calculation of depreciation expense by asset, including the associated cost, estimated date placed in service, useful life, salvage value (if any), and the rate of depreciation must be filed to satisfy this requirement.

(a): See Attachment I - page #2 - Note VI "Property and Equipment"

Since Allen County Gas is a startup Company there is "no" tangible equipment to depreciate until the line is placed into service. Information in the above referenced projection is the intended depreciation schedule to be used when such equipment "is" placed into service. Equally, there is no salvage value at this time.

7. KAR 5:001, Section 10(7)(a): Detailed income statement and balance sheet reflecting the impact of all proposed adjustments. Although an income statement is included in the financial exhibit, nothing has been submitted in the form of a balance sheet. The petition must include a balance sheet reflecting the proposed utility plant and capital structure of Allen County.

(a): Allen County Gas has employed the Services of JC Holland and Company PSC-CPA in Bowling Green, Ky to complete a certified Balance Sheet for Allen County Gas. (phone: 270-782-0700, Mr. Mike Jones), the Balance Sheet Certification will not be available until December 1, 1999. Allen County Gas will forward same to the Commission upon completion and receipt from JC Holland and Associates.

8. KAR 5:001, Section 11(1)(c): The use to be made of the issue of such securities, notes and bonds. This should be a separate schedule, but should reference estimated construction costs, including financing, legal and administrative costs.

(a): See Attachment I - page #3 - "Note #XI - USE OF PROCEEDS"

9. 807 KAR 5:001, Section 11(1)(b): The amount of notes, bonds, or other evidences of indebtedness, if any, which the utility desires to issue, with terms, rate of interest and whether and how to be secured. No estimate of the anticipated interest rate on the proposed bond issuance was included although interest expense was estimated for pro forma revenue and expense purposes. An estimate of the anticipated interest rate must be included before the petition can be accepted as filed.

(a): See attachment I - page #4 - "5 Year Financial Performa" line #30. Principle is \$5.5MM at the rate of 6.5% for 20 years.

*ALLEN COUNTY GAS
TRANSMISSIONS, INC.*

**FORECASTED
FINANCIAL STATEMENTS**

December 31, 2000, 2001 and 2002

CONTENTS

	<u>PAGE</u>
ACCOUNTANTS' REPORT	1
FORECASTED BALANCE SHEETS	2
FORECASTED STATEMENTS OF INCOME	4
FORECASTED STATEMENTS OF CASH FLOWS	5
SUMMARY OF SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ACCOUNTING POLICIES	6



Holland CPAs
Professional Service Corporation

Board of Directors
Allen County Gas Transmissions, Inc.
Bowling Green, Kentucky

We have compiled the accompanying forecasted balance sheet, statements of income, retained earnings and cash flows of *Allen County Gas Transmissions, Inc.* as of December 31, 2000, 2001 and 2002, and for the years then ending, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Holland CPAs, PSC

Bowling Green, Kentucky
December 3, 1999

927 College Street ♦ P.O. Box 104
Bowling Green, KY 42102-0104
(270) 782-0700 ● Fax: (270) 782-0932
1-888-896-5000

Page 1

167 South Main Street
Russellville, KY 42276
(270) 726-7151 ♦ Fax: (270) 726-3155
1-888-240-7151

ALLEN COUNTY GAS TRANSMISSIONS, INC.
BALANCE SHEETS — FORECASTED
December 31, 2000, 2001 and 2002

ASSETS			
	2000	2001	2002
UTILITY PLANT			
Utility plant in service	\$ 4,379,642	\$ 4,379,642	\$ 4,379,642
Less accumulated depreciation	(116,053)	(287,299)	(458,545)
NET UTILITY PLANT	4,263,589	4,092,343	3,921,097
RESTRICTED FUNDS			
Bond reserve account	390,000	390,000	390,000
TOTAL RESTRICTED FUNDS	390,000	390,000	390,000
CURRENT ASSETS			
Cash and cash equivalents	394,775	632,348	1,200,085
Accounts receivable	57,632	134,922	200,661
TOTAL CURRENT ASSETS	452,407	767,270	1,400,746
OTHER ASSETS			
Debt issue costs, less amortization	609,806	579,316	548,826
TOTAL OTHER ASSETS	609,806	579,316	548,826
TOTAL ASSETS	\$ 5,715,802	\$ 5,828,929	\$ 6,260,669

LIABILITIES AND EQUITY

	2000	2001	2002
EQUITY			
Fund equity:			
Retained earnings	\$ 171,977	\$ 615,537	\$ 1,205,133
LONG-TERM DEBT			
Long-term debt, net of current portion	5,213,392	5,055,536	4,887,109
TOTAL LONG-TERM DEBT	5,213,392	5,055,536	4,887,109
CURRENT LIABILITIES			
Accounts payable	182,486	0	0
Current portion of long-term debt	147,947	157,856	168,427
TOTAL CURRENT LIABILITIES	330,433	157,856	168,427
TOTAL LIABILITIES	5,543,825	5,213,392	5,055,536
TOTAL LIABILITIES AND EQUITY	\$ 5,715,802	\$ 5,828,929	\$ 6,260,669

See summary of significant assumptions and accounting policies and accountants' report.

ALLEN COUNTY GAS TRANSMISSIONS, INC.
INCOME STATEMENTS — FORECASTED
For the Years Ending December 31, 2000, 2001 and 2002

	<u>2000</u>	<u>2001</u>	<u>2002</u>
SALES			
Gross sales	\$ 691,584	\$ 1,619,056	\$ 2,407,921
COST OF SALES			
Labor	56,060	274,682	467,195
GROSS MARGIN	<u>635,524</u>	<u>1,344,374</u>	<u>1,940,726</u>
OPERATING EXPENSES			
General and administrative:			
Depreciation	116,053	171,246	171,246
Miscellaneous expenses	235,470	440,637	461,659
TOTAL OPERATING EXPENSES	<u>351,523</u>	<u>611,883</u>	<u>632,905</u>
INCOME FROM OPERATIONS	<u>284,001</u>	<u>732,491</u>	<u>1,307,821</u>
EARNINGS BEFORE INTEREST AND TAXES			
	<u>284,001</u>	<u>732,491</u>	<u>1,307,821</u>
INTEREST EXPENSE (INCOME)			
Debt, lease and other interest	0	0	334,168
NET INTEREST EXPENSE (INCOME)	<u>0</u>	<u>0</u>	<u>334,168</u>
NET INCOME BEFORE TAXES	<u>284,001</u>	<u>732,491</u>	<u>973,653</u>
TAXES			
Federal taxes	88,594	228,500	303,731
State taxes	23,430	60,431	80,326
TOTAL TAXES	<u>112,024</u>	<u>288,931</u>	<u>384,057</u>
NET INCOME	<u>\$ 171,977</u>	<u>\$ 443,560</u>	<u>\$ 589,596</u>

See summary of significant assumptions and accounting policies and accountants' report.

ALLEN COUNTY GAS TRANSMISSIONS, INC.
STATEMENTS OF CASH FLOW— FORECASTED
For the Years Ending December 31, 2000, 2001 and 2002

	2000	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 171,977	\$ 443,560	\$ 589,596
Adjustments to net income:			
Depreciation and amortization	116,053	171,246	171,246
Changes in operating assets and liabilities:			
Accounts receivable	(57,632)	(77,290)	(65,739)
Miscellaneous assets	(609,806)	30,490	30,490
Accounts payable	182,486	(182,486)	0
Net Cash Provided By (Used In) Operating Activities	(196,922)	385,520	725,593
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchases) sales of investments	(390,000)	0	0
(Purchases) sales of property, plant and equipment	(4,379,642)	0	0
Cash Flows Provided By (Used In) Investing Activities	(4,769,642)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net long-term debt	5,361,339	(147,947)	(157,856)
Cash Flows Provided By (Used In) Financing Activities	5,361,339	(147,947)	(158,856)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	394,775	237,573	567,737
CASH AND CASH EQUIVALENTS, BEGINNING	0	394,775	632,348
CASH AND CASH EQUIVALENTS, ENDING	\$ 394,775	\$ 632,348	\$ 1,200,085

See summary of significant assumptions and accounting policies and accountants' report.

ALLEN COUNTY GAS TRANSMISSIONS, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING ASSUMPTIONS AND
ACCOUNTING POLICIES
December 31, 2000, 2001 and 2002

NOTE A: NATURE OF FORECAST

This financial forecast presents, to the best of management's knowledge and belief, the Company's expected financial position, results of operations and cash flows for the forecast period. Accordingly, the forecast reflects its judgment as of December 3, 1999, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

NOTE B: BASIS OF FORECAST

Allen County Gas Transmissions, Inc. (herein ACG) has been formed to construct and operate a proposed natural gas distribution system in both Allen and Warren Counties, Kentucky. Before beginning construction, ACG will secure financing and obtain various regulatory approvals.

DETERMINATION OF POTENTIAL CUSTOMERS FOR ALLEN COUNTY GAS

From the preliminary Nesbitt Engineering Report, a list of physical street addresses was compiled by Effective Mail Marketing of Bowling Green, Kentucky. The list determined an initial customer base of approximately 3,400 homes along the proposed route. A mail-out survey was conducted using the home database. The survey polled each home to gauge their interest in accepting natural gas. Over 550 survey cards were returned by mail in a three-week period. Effective Mail Marketing indicated that a mail-in response of this type typically yields no more than a 10% response. Our return results for this survey was 16%. Also, Barren River Development District conducted a random door-to-door survey in an adjacent area in Kentucky. This survey asked the question, "*Would you connect to a natural gas system if it were provided in your area?*" The results from this survey were 130 yes, 0 no and 11 maybes. This area was made up of 65 electric, 61 propane and 26 wood heated homes. The survey also asked the question, "*Would you be willing to provide easements for the gas system?*" The results were 118 yes, 0 no and 6 maybes.

ALLEN COUNTY GAS TRANSMISSIONS, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING ASSUMPTIONS AND
ACCOUNTING POLICIES (CONTINUED)
December 31, 2000, 2001 and 2002

NOTE C: SALES

The projected sales were based on an assumed price of \$9.00 per MCF for Residential, \$8.00 per MCF Commercial and utilized through the five-year period. The monthly gas utilization rate was based on average usage amounts extrapolated through extensive secondary research. The projected number of customers was based primarily on the feasibility study conducted by ACG. Please note that the number of customers will increase in market size due to planned new home construction and start-up businesses. According to statistics for gas utilities under Kentucky Public Service Commission Jurisdiction, Residential Customers will utilize an average of 95,000 MCF of natural gas per year.

Additionally, note that the commercial customers were segmented into "Nat—Commercial", "Transport" and "Special Transport". It is assumed that Regular Commercial Customers will utilize 3,000 MCF of natural gas per year, Transport Customers 25,000 MCF and Special Transport Customers averaging 300 MCF per year. Please see the corresponding spreadsheet for the projected number of customers and the utilization rates by month.

NOTE D: COST OF SALES

The average cost of sales for the ten-year period is estimated to be 34.2% of gross sales.

NOTE E: OPERATING EXPENSES

Except as described in specific notes, the projected operating expenses are based on estimates gathered and provided by ACG.

ALLEN COUNTY GAS TRANSMISSIONS, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING ASSUMPTIONS AND
ACCOUNTING POLICIES (CONTINUED)
December 31, 2000, 2001 and 2002

NOTE F: PAYROLL AND PAYROLL-RELATED EXPENSES

The salaries and anticipated positions will be as follows:

#	Position	2000	2001	2002
1	General Manager	\$ 65,000	\$ 66,950	\$ 68,959
1	Accounting	12,000	12,600	13,320
2	Sales Reps	60,000	61,800	63,654
2	Secretaries	50,000	51,500	53,045
2	Meter Readers**	50,000	51,500	53,045
3	Installation Crew	75,000	77,250	79,568
TOTALS		\$ 312,000	\$ 321,600	\$ 331,591

** Meter Readers/Helpers used 4 days/month, balance of time they work with Installation Crew.

Payroll-related expenses are projected to be 15% of direct payroll.

NOTE G: PROPERTY AND EQUIPMENT

ACG's equipment is expected to be depreciated as follows:

Classification	Market Value	Life	Method
Office Equipment	\$ 20,188	10 Years	Straight Line
Valves, Regulators	147,800	10 Years	Straight Line
Pipeline	2,255,860	40 Years	Straight Line
Operating Equipment	300,000	7 Years	Straight Line
Other Construction	1,098,869	30 Years	Straight Line
Capitalized Interest	556,925	30 Years	Straight Line

ALLEN COUNTY GAS TRANSMISSIONS, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING ASSUMPTIONS AND
ACCOUNTING POLICIES (CONTINUED)
December 31, 2000, 2001 and 2002

NOTE H: BAD DEBT EXPENSE

Bad debt expense is assumed to be .005% of total sales.

NOTE I: REPAIR EXPENSE

Repair expense is assumed to be .005% of total sales.

NOTE J: CORPORATE INCOME TAX

The effective corporate income tax for federal is assumed to be 34% and Kentucky is assumed to be 8.25%.

NOTE K: BONDS PAYABLE

It is assumed that ACG will sell \$5,500,000 of bonds with a 20 year maturity at an annual rate of interest of 6.5%.

* Principal/interest payments for cash flow purposes are amortized for the payback period.

ALLEN COUNTY GAS TRANSMISSIONS, INC.
SUMMARY OF SIGNIFICANT ACCOUNTING ASSUMPTIONS AND
ACCOUNTING POLICIES (CONTINUED)
December 31, 2000, 2001 and 2002

NOTE L: USE OF FUNDS

The anticipated use of bond proceeds is as follows:

Construction of Phase I to Plano		\$ 462,725
Construction of Phase II to Scottsville		110,025
Pipeline and Equipment Phase I and II		2,255,860
Right of Ways		241,600
Blasting — Rock Excavation 32740' @ \$4/ft (10% of total line)		130,960
Accounting, Legal		50,000
Additional Engineering		153,559
Feasibility and Capital Expense Reimbursement		200,000
Capital Interest (3 payments — net at 5%)		556,925
Debt Service Reserve (gross)		390,000
Bond Insurance		195,000
Cost of Issuance		200,000
Underwriter's and Issuer's Council		50,000
Underwriter's Discount		90,000
Excess Bonds		19,806
Office (Supplies, Furniture, Fixtures and Equipment)**		24,500
**\$20,188 capital expenses and \$4,312 consumable items		
Operations Equipment:		300,000
a. Vehicles	\$113,000	
b. Backhoe/Trencher	37,000	
c. Boring Equipment	15,000	
d. Tools/Equipment	60,000	
e. Inventory	50,000	
f. Miscellaneous	25,000	
Contingency Funds		69,040
		TOTAL \$ 5,500,000

ALLEN Gas COUNTY

RECEIVED
NOV - 8 1999
PUBLIC SERVICE
COMMISSION

November 5th, 1999

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Case No. 99-260
Response to Filing Deficiencies dated August 23rd, 1999

Dear Executive Director Helton:

In reference to the commission's letter dated August 23rd regarding filing deficiencies for above-mentioned case, we are submitted the enclosed responses.

The enclosed responses are complete with the exception of the certified balance sheet, which is being prepared by Mike Jones of Holland and Associates, CPA Firm in Bowling Green, Kentucky. Mr. Jones has been in contact with Jeff Shaw of the Commission and has indicated that the information will be completed no later than December 1st. We will forward these balance sheets to the commission upon receipt.

Sincerely,
ALLEN COUNTY GAS TRANSPORTATION, INC.



Robert Mitchell
Vice President, Director

ALLEN Gas COUNTY

RECEIVED
NOV - 3 1999
PUBLIC SERVICE
COMMISSION

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

DATED: September 7, 1999

CURRENT DATE: November 5, 1999

COMMONWEALTH OF KENTUCKY - BEFORE THE PUBLIC SERVICE COMMISSION

Allen County shall file 10 copies of the information identified in this Order as necessary to meet the Commission's minimum filing requirements. The following answers to the remaining filing deficiencies to be cured prior to the petition of Allen County being accepted as filed are intended to facilitate and assist in curing those deficiencies.

1. KAR 5:001, Section 10(6)(a): Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.

(a): N/A - Allen County Gas is a startup company, no adjustments have been applied for.

Allen County offered no descriptions or quantified explanations for its initial expected costs and expenses, or any basis for future increases reflected in its 5-year forecast (projection) of revenues and expenses. While there is no historical basis for comparison of the forecasted (projected) amounts, the petition must include documentation and explanations justifying those amounts.

(a): All cost and expenses within the 5 year Performa were based on in-house surveys conducted to establish comparable cost, gas usage, and customer data for business operations. Companies such as Western KY Gas were contacted for data concerning potential cost and implementation of projected numbers. Future increases were generally indexed for inflation at the rate of 3% except for certain categories that were either increased due to special circumstances that are not dependent on the inflation index. For additional explanations see Attachment I - page #1 - Notes I, II, III, and IV.

Page 1 of 3

2. KAR 5:001, Section 10(6)(g): Analysis of customers' bills in such detail that revenues from proposed rates can be readily determined for each customer class. While there are no historical customers' bills for purposes of analysis, the petition must include a schedule, or supporting work-papers, which show the derivation of the projected revenues for each customer class in each year included in Attachment III, the financial exhibit. This should be based on the proposed rates, projected customer levels, and projected volumes for both gas sales and transportation.

(a): See Attachment I - page #5 - "Projected Customers and Usage Rates" and page #4 - "5 Year Financial Performa" Line # 36 to 39 Customer MCF Usage Rates; Line #41 to #43 Rates by Class (Customer Cost of Gas); and Line #47 to 50 Number of Projected Customers.

3. KAR 5:001, Section 10(6)(h): Summary of determination or revenue requirements based on return on net investment rate base, return on capitalization interest coverage, debt service coverage, or operating ratio, with supporting schedules. Attachment III, the financial exhibit, includes pro forma revenues and expenses, and customer and usage projections: however, it does not include a determination of revenue requirements using any of the above-referenced methods. Such a determination must be included as part of the petition.

(a): Allen County Gas has calculated the rates charged for gas to obtain a rate of return of 16% over the five year period projected in the Financial Performa. The calculations were derived as follows: Gross Profit for Five Years / Money Invested = percentage rate of return for five years. See Attachment I - pages #3 - Note XI Use of Proceeds and page #4 - "5 Year Performa" line #73 Cumulative Gross Profit for 5 years.

4. KAR 5:001, Section 10(6)(i): Reconciliation of rate base and capital used to determine revenue requirements. Attachment III, the financial exhibit, does not include a reconciliation of rate base and capital used to determine revenue requirements. If a return on rate base or capitalization was used to determine revenue requirements, such a reconciliation must be included as part of the petition.

(a): See #3 Above

5. KAR 5:001, Section 10(6)(j): Current chart of accounts if more detailed than the Uniform System of Accounts. The referenced Attachment IV does not meet the requirements for a chart of accounts, but if Allen County's chart of accounts is not going to be more detailed than the Uniform System of Accounts, a statement to that affect will be sufficient.

(a): Allen County Gas will adopt the Uniform System of Accounts (USoA). Allen County Gas resubmits the 5 Year Financial Performa with USoA numbers added. See Attachment I - page #4 to #10.

6. KAR 5:001, Section 10(6)(n): Summary of the latest depreciation study. Since depreciation has been estimated as part of Allen County's pro forma expenses, a schedule with a detailed calculation of depreciation expense by asset, including the associated cost, estimated date placed in service, useful life, salvage value (if any), and the rate of depreciation must be filed to satisfy this requirement.

(a): See Attachment I - page #2 - Note VI "Property and Equipment"

Since Allen County Gas is a startup Company there is "no" tangible equipment to depreciate until the line is placed into service. Information in the above referenced projection is the intended depreciation schedule to be used when such equipment "is" placed into service. Equally, there is no salvage value at this time.

7. KAR 5:001, Section 10(7)(a): Detailed income statement and balance sheet reflecting the impact of all proposed adjustments. Although an income statement is included in the financial exhibit, nothing has been submitted in the form of a balance sheet. The petition must include a balance sheet reflecting the proposed utility plant and capital structure of Allen County.

(a): Allen County Gas has employed the Services of JC Holland and Company PSC-CPA in Bowling Green, Ky to complete a certified Balance Sheet for Allen County Gas. (phone: 270-782-0700, Mr. Mike Jones), the Balance Sheet Certification will not be available until December 1, 1999. Allen County Gas will forward same to the Commission upon completion and receipt from JC Holland and Associates.

8. KAR 5:001, Section 11(1)(c): The use to be made of the issue of such securities, notes and bonds. This should be a separate schedule, but should reference estimated construction costs, including financing, legal and administrative costs.

(a): See Attachment I - page #3 - "Note #XI - USE OF PROCEEDS"

9. 807 KAR 5:001, Section 11(1)(b): The amount of notes, bonds, or other evidences of indebtedness, if any, which the utility desires to issue, with terms, rate of interest and whether and how to be secured. No estimate of the anticipated interest rate on the proposed bond issuance was included although interest expense was estimated for pro forma revenue and expense purposes. An estimate of the anticipated interest rate must be included before the petition can be accepted as filed.

(a): See attachment I - page #4 - "5 Year Financial Performa" line #30. Principle is \$5.5MM at the rate of 6.5% for 20 years.

ATTACHMENT I

TABLE OF CONTENTS

Page 1 to 3: Explanations of Financial Projections

Page 1: Notes I through IV

Note I:	Basis of Projections
Note II:	Sales
Note III:	Cost of Sales
Note IV:	Operating Expenses

Page 2: Notes V through IX

Note V:	Payroll and Payroll Related Expenses
Note VI:	Property and Equipment Depreciation
Note VII:	Bad Debt Expense
Note VIII:	Repairs Expense
Note IX:	Corporate Income Tax

Page 3: Notes X through XI

Note X:	Interest Expense
Note XI:	Use of Funds

Page 4 through 10: 5 Year Financial Performa

Page 4: Recap Sheet for 5 Year Financial Performa

Page 5: Projected Customers and Usage Rates

Page 6 through 10: Yearly Performa 2000 through 2004

EXPLANATION OF FINANCIAL PROJECTIONS

NOTE I - BASIS OF PROJECTIONS

Allen County Gas, Inc. (herein ACG) has been formed to construct and operate a proposed natural gas distribution system in both Allen and Warren Counties, Kentucky. Before beginning construction, ACG will secure financing and obtain various regulatory approvals.

Determination of Potential Customers for Allen County Gas

From the preliminary Nesbitt Engineering Report, a list of physical street addresses was compiled by Effective Mail Marketing of Bowling Green, KY. The list determined an initial customer base of approximately 3400 homes along the proposed route. A mail out survey was conducted using the home database. The survey polled each home to gauge their interest in accepting natural gas. Over 550 survey cards were returned by mail in a three-week period. Effective Mail Marketing indicated that a mail-in response of this type typically yields no more than a 10% response. Our return results for this survey was 16%. Also, Barren River Development District conducted a random door-to-door survey in an adjacent area in Kentucky. This survey asked the question, would you connect to a natural gas system if it were provided in your area. The results from this survey were 130 yes, 0 no, and 11 maybes. This area was made up of 65 electric, 61 propane and 26 wood heated homes. The survey also asked the question, "would you be willing to provide easements for the gas system?" results = 118 yes, 0 no and 6 maybes.

NOTE II - SALES

The projected sales were based on an assumed price of \$9.00 per MCF for Residential, \$8.00 per MCF Commercial, and utilized throughout the five-year period. The monthly gas utilization rate was based on average usage amounts extrapolated through extensive secondary research. The projected number of customers was based primarily on the feasibility study conducted by ACG. Please note that the number of customers will increase in market size due to planned new home construction and start-up businesses. According to statistics for gas utilities under Kentucky Public Service Commission Jurisdiction, Residential Customers will utilize an average of 95,000 MCF of natural gas per year.

Additionally, note that the commercial customers were segmented into "Nat -Commercial", "Transport", and "Special Transport". It is assumed that Regular Commercial Customers will utilize 3,000 MCF of natural gas per year, Transport Customers 25,000MCF and Special Transport Customers averaging 300MCF per year. Please see the corresponding spreadsheet for the projected number of customers and the utilization rates by month.

NOTE III - COST OF SALES

The average cost of sales for the ten year period is estimated to be 34.2% of gross profit.

NOTE IV - OPERATING EXPENSES

Except as described in specific notes, the projected operating expenses are based on estimates gathered and provided by ACG.

NOTE V - PAYROLL AND PAYROLL - RELATED EXPENSES

The salaries and anticipated positions were provided by ACG and are as follows:

#	Position	2000	2001	2002	2003	2004
1	General Manager	\$ 65,000	\$ 66,950	\$ 68,959	\$ 71,027	\$ 73,158
1	Accounting	\$ 12,000	\$ 12,600	\$ 13,320	\$ 13,892	\$ 14,586
2	Sales Reps	\$ 60,000	\$ 61,800	\$ 63,654	\$ 32,782	\$ 33,765
2	Secretaries	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
2	Meter Readers**	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
3	Instillation Crew	\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955	\$ 84,413
TOTALS:		\$ 312,000	\$321,600	\$331,591	\$308,928	\$318,472

** Meter Readers/Helpers used 4 days/month, balance of time they work with Installation Crew.

Payroll - Related expenses are projected to be 15% of direct payroll.

NOTE VI - PROPERTY AND EQUIPMENT

ACG's equipment is expected to be depreciated as follows:

Classification	Market Value	Life	Method
Office Equipment	\$ 24,500	5 Years	Straight Line
Valves, Regulators	\$ 147,800	20 Years	Straight Line
Pipeline	\$2,255,860	30 Years	Straight Line
Operating Equipment	\$ 300,000	5-10Year	Straight Line

NOTE VII - BAD DEBT EXPENSE

Bad debt Expense is assumed to be .005% of total sales.

NOTE VIII - REPAIRS EXPENSE

Repair Expense is assumed to be .005% of total sales.

NOTE IX - CORPORATE INCOME TAX

The effective corporate income tax is assumed to be 30%.

NOTE X - INTEREST EXPENSE

Interest expense is based on sale of \$ 5.5MM of bonds with a 20 year maturity and an annual rate of interest of 6.5%.

- * The \$5.5MM is pursuant to ACG's estimate of startup cost.
- * Principal/Interest payments for cash flow purposes are amortized for the payback period.

NOTE XI - USE OF FUNDS

USE OF PROCEEDS	
Construction of Phase I to Plano	\$ 462,725
Construction Phase II to Scottsville	\$ 110,025
Pipeline and Equipment Phase I & II	\$2,255,860
Right of Ways	\$ 241,600
Blasting-Rock Excavation 32740' @ \$4/ft (10% of total line)	\$ 130,960
Accounting, Legal	\$ 50,000
Additional Engineering	\$ 153,559
Feasibility, & Capital Expense Reimbursement:	\$ 200,000
Capital Interest (3 payments - net at 5%)	\$ 556,925
Debt Service Reserve (gross)	\$ 390,000
Bond Insurance	\$ 195,000
Cost of Issuance	\$ 200,000
Underwriter's and Issuer's Council	\$ 50,000
Underwriter's Discount	\$ 90,000
Excess Bonds	\$ 19,806
Office (Supplies, Furniture, Fixtures, & Equipment)**	\$ 24,500
**\$20,188 capital expenses and \$4,312 consumable items.	
Operations Equipment:	\$ 300,000
a. Vehicles:	\$113,000
b. Backhoe/Trencher	\$ 37,000
c. Boring Equipment	\$ 15,000
d. Tools/Equipment	\$ 60,000
e. Inventory	\$ 50,000
f. Misc.	\$ 25,000
Contingency Funds	\$ 69,040
TOTAL	\$5,500,000

Allen County Gas Transportation, Inc

5 Year Financial Performa

(USoA #)	2000	2001	2002	2003	2004	
SALES & REVENUES (142)						1
NAT--RESIDENTIAL (480)	\$ 58,345	\$ 349,148	\$ 704,657	\$ 1,060,166	\$ 1,415,675	2
NAT--COMMERCIAL (481)	\$ 114,240	\$ 503,520	\$ 757,920	\$ 1,009,920	\$ 1,261,920	3
NAT--TRANSPORT (489)	\$ -	\$ -	\$ -	\$ 8,660,482	\$ 9,093,506	4
TOTAL GAS SALES	\$ 172,585	\$ 852,668	\$ 1,462,577	\$ 10,730,568	\$ 11,771,101	5
OTHER SALES:						6
SERVICE CHARGES (143)	\$ 6,074	\$ 41,868	\$ 78,762	\$ 118,466	\$ 153,330	7
CONNECT CHARGES (143)	\$ 5,250	\$ 10,150	\$ 10,150	\$ 10,175	\$ 10,150	8
SPECIAL TRANS AGREEMENT (489)	\$ 591,774	\$ 710,310	\$ 852,372	\$ 1,022,841	\$ 1,227,408	9
MISC. MATERIALS/SUPPLIES (150)	\$ 2,100	\$ 4,060	\$ 4,060	\$ 4,070	\$ 4,060	10
TOTAL SALES (483)	\$ 777,783	\$ 1,619,056	\$ 2,407,921	\$ 11,884,120	\$ 13,168,049	11
COST OF SALES	\$ 56,060	\$ 274,682	\$ 467,195	\$ 8,863,565	\$ 9,465,501	12
GROSS PROFIT	\$ 721,724	\$ 1,344,373	\$ 1,940,726	\$ 3,020,555	\$ 3,700,548	13
O & M EXPENSES						14
PAYROLL (920)	\$ 156,000	\$ 321,600	\$ 331,596	\$ 308,928	\$ 318,468	15
PAYROLL RELATED (928)	\$ 23,400	\$ 48,240	\$ 49,739	\$ 46,339	\$ 47,770	16
OFFICE LEASE (931)	\$ 8,100	\$ 13,200	\$ 13,596	\$ 14,004	\$ 14,424	17
OFFICE EXPENSE (921)	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	18
SAFETY ADVERTISING (930.1)	\$ 3,600	\$ 3,708	\$ 3,819	\$ 3,934	\$ 4,052	19
EQUIPMENT RENTAL (920)	\$ 2,400	\$ 2,472	\$ 2,548	\$ 2,623	\$ 2,701	20
UTILITIES (920)	\$ 1,800	\$ 1,854	\$ 1,910	\$ 1,967	\$ 2,026	21
TELEPHONE EXPENSE (920)	\$ 3,600	\$ 3,708	\$ 3,819	\$ 3,934	\$ 4,052	22
LICENSES (927)	\$ 600	\$ 618	\$ 637	\$ 656	\$ 675	23
REPAIRS (761, 762)	\$ 3,457	\$ 8,095	\$ 12,040	\$ 59,421	\$ 65,830	24
INSURANCE (924, 925)	\$ 12,000	\$ 12,300	\$ 12,731	\$ 13,113	\$ 13,506	25
PROFESSIONAL SERV'S (923)	\$ 4,200	\$ 4,326	\$ 4,458	\$ 4,589	\$ 4,727	26
MISCELLANEOUS (930.2)	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	27
BAD DEBTS (904)	\$ -	\$ 8,095	\$ 12,040	\$ 59,421	\$ 65,830	28
DEPRECIATION (110)	\$ 75,360	\$ 94,200	\$ 106,800	\$ 119,340	\$ 125,640	29
PRINCIPLE/INTEREST [6.5%20YR] (237)	\$ -	\$ -	\$ 525,000	\$ 525,000	\$ 525,000	30
TOTAL O & M EXPENSE	\$ 306,517	\$ 534,837	\$ 1,093,459	\$ 1,176,380	\$ 1,208,208	31
CASH INCOME FROM OPERATION	\$ 415,206	\$ 809,537	\$ 847,267	\$ 1,844,175	\$ 2,492,340	32
'INCOME TAXES (143) 30%	\$ 124,562	\$ 242,861	\$ 254,180	\$ 553,253	\$ 747,702	33
NET INCOME	\$ 290,644	\$ 566,676	\$ 593,087	\$ 1,290,923	\$ 1,744,638	34
Residential MCF's 95	6,483	38,794	78,295	117,796	157,297	35
Commercial MCF's 3,000	14,280	62,940	94,740	126,240	157,740	36
Transport MCF's	-	-	-	3,038,766	3,190,704	37
TOTAL MCF's	20,763	101,734	173,035	3,282,802	3,505,741	38
RESIDENTIAL RATE	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	39
COMMERCIAL RATE	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	40
TRANSPORT RATE	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	41
COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	42
# OF CUSTOMERS						43
RESIDENTIAL	195	591	987	1,383	1,779	44
COMMERCIAL	15	25	35	45	55	45
TRANSPORT	0	0	0	1	1	46
TOTAL CUSTOMERS	210	616	1022	1429	1835	47
SERVICE CHG/RES.	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	48
SERVICE CHG/COMM.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	49
SERVICE CHG/TRANSP	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	50

GROSS PROFIT	\$ 721,724	\$ 1,344,373	\$ 1,940,726	\$ 3,020,555	\$ 3,700,548
---------------------	------------	--------------	--------------	--------------	--------------

O&M Expense	\$ 306,517	\$ 534,837	\$ 1,093,459	\$ 1,176,380	\$ 1,208,208
------------------------	------------	------------	--------------	--------------	--------------

% OF GROSS SALES	42%	40%	56%	39%	33%
-------------------------	-----	-----	-----	-----	-----

Based on the following average per customer:			
RESIDENTIAL	95	mcf	
COMMERCIAL	3000	mcf	

5 YEAR PAYBACK ANALYSIS	2000	2001	2002	2003	2004
GROSS PROFITS	\$ 721,724	\$ 1,344,373	\$ 1,940,726	\$ 3,020,555	\$ 3,700,548
CUMULATIVE	\$ 721,724	\$ 2,066,097	\$ 4,006,823	\$ 7,027,378	\$ 10,727,926
O & M EXPENSE	\$ 306,517	\$ 534,837	\$ 1,093,459	\$ 1,176,380	\$ 1,208,208
TAXES	\$ 124,562	\$ 242,861	\$ 254,180	\$ 553,253	\$ 747,702
NET INCOME	\$ 290,644	\$ 566,676	\$ 593,087	\$ 1,290,923	\$ 1,744,638
CUMULATIVE	\$ 290,644	\$ 857,320	\$ 1,450,407	\$ 2,741,330	\$ 4,485,967

Allen County Gas Transportation, Inc.

Projected Number Of Customers & Usage Rates

Avg. MCF's/Customer
95

Residential

	2000		2001		2002		2003		2004	
	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF
January	-	-	228	4,332	624	11,856	1,020	19,380	1,416	26,904
February	-	-	261	4,463	657	11,235	1,053	18,006	1,449	24,778
March	-	-	294	3,352	690	7,866	1,086	12,380	1,482	16,895
April	-	-	327	1,553	723	3,434	1,119	5,315	1,515	7,196
May	-	-	360	1,026	756	2,155	1,152	3,283	1,548	4,412
June	-	-	393	1,120	789	2,249	1,185	3,377	1,581	4,506
July	15	43	426	1,214	822	2,343	1,218	3,471	1,814	4,600
August	47	134	459	1,308	855	2,437	1,251	3,565	1,647	4,694
September	91	259	492	1,402	888	2,531	1,284	3,659	1,680	4,788
October	135	641	525	2,494	921	4,375	1,317	6,256	1,713	8,137
November	179	1,701	558	5,301	954	9,063	1,350	12,825	1,746	16,587
December	195	3,705	591	11,229	987	18,753	1,383	26,277	1,779	33,801
Sub Total	195	6,483	591	38,794	987	78,295	1,383	117,796	1,779	157,297

Avg. MCF's/Customer
3000

Commercial

January	-	-	16	9,600	26	15,600	36	21,600	46	27,600
February	-	-	16	8,640	26	14,040	36	19,440	46	24,840
March	-	-	18	6,480	28	10,080	38	13,680	48	17,280
April	-	-	18	6,480	28	4,200	38	5,700	48	7,200
May	-	-	20	1,800	30	2,700	40	3,600	50	4,500
June	-	-	20	1,800	30	2,700	40	3,600	50	4,500
July	5	450	22	1,980	32	2,880	42	3,780	52	4,680
August	5	450	22	1,980	32	2,880	42	3,780	52	4,680
September	7	630	24	2,160	34	3,060	44	3,960	54	4,860
October	7	1,050	24	3,600	34	5,100	44	6,600	54	8,100
November	9	2,700	24	7,200	35	10,500	45	13,500	55	16,500
December	15	9,000	25	15,000	35	21,000	45	27,000	55	33,000
Sub Total	15	14,280	25	66,720	35	94,740	45	126,240	55	157,740

2500000

Transport

January	-	-	-	-	-	1	578,813	1	607,753
February	-	-	-	-	-	1	520,931	1	546,978
March	-	-	-	-	-	1	347,288	1	364,652
April	-	-	-	-	-	1	144,703	1	151,938
May	-	-	-	-	-	1	86,822	1	91,163
June	-	-	-	-	-	1	86,822	1	91,163
July	-	-	-	-	-	1	86,822	1	91,163
August	-	-	-	-	-	1	86,822	1	91,163
September	-	-	-	-	-	1	86,822	1	91,163
October	-	-	-	-	-	1	144,703	1	151,938
November	-	-	-	-	-	1	289,406	1	303,877
December	-	-	-	-	-	1	578,813	1	607,753
Sub Total	-	-	-	-	-	1	3,038,766	1	3,190,704

Totals

210	20,763	616	105,514	1,022	173,035	1,429	3,282,802	1,835	3,505,741
-----	--------	-----	---------	-------	---------	-------	-----------	-------	-----------

Allen County Gas Transportation, Inc.
Financial Performance (2000)

Year:	2000	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
(USoA #)														
SALES & REVENUES (142)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385	\$ 1,206	\$ 2,334	\$ 5,771	\$ 15,305	\$ 33,345	\$ 58,345
NAT-RESIDENTIAL (480)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 3,600	\$ 5,040	\$ 8,400	\$ 21,600	\$ 72,000	\$ 114,240
NAT-COMMERCIAL (481)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NAT-TRANSPORT (489)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,985	\$ 4,806	\$ 7,374	\$ 14,171	\$ 36,905	\$ 105,345	\$ 172,585
TOTAL GAS REVENUES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,985	\$ 4,806	\$ 7,374	\$ 14,171	\$ 36,905	\$ 105,345	\$ 172,585
OTHER SALES:														
SERVICE CHARGES (143)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255	\$ 479	\$ 847	\$ 1,155	\$ 1,523	\$ 1,815	\$ 6,074
CONNECT CHARGES (143)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 800	\$ 1,150	\$ 1,100	\$ 1,150	\$ 550	\$ 5,250
SPECIAL TRANS AGREEMENT (489)		\$ 28,733	\$ 28,733	\$ 28,733	\$ 57,500	\$ 57,500	\$ 57,500	\$ 57,225	\$ 57,225	\$ 57,225	\$ 53,800	\$ 53,800	\$ 53,800	\$ 591,774
MISC. MATERIALS/SUPPLIES (150)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 320	\$ 460	\$ 440	\$ 460	\$ 220	\$ 2,100
TOTAL SALES REVENUES (483)		\$ 28,733	\$ 28,733	\$ 28,733	\$ 57,500	\$ 57,500	\$ 57,500	\$ 62,165	\$ 63,630	\$ 67,056	\$ 70,666	\$ 93,838	\$ 161,730	\$ 777,783
COST OF GAS		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,330	\$ 1,577	\$ 2,401	\$ 4,566	\$ 11,881	\$ 34,304	\$ 56,060
GROSS PROFIT		\$ 28,733	\$ 28,733	\$ 28,733	\$ 57,500	\$ 57,500	\$ 57,500	\$ 60,834	\$ 62,053	\$ 64,655	\$ 66,100	\$ 81,956	\$ 127,427	\$ 721,724
O & M EXPENSES														
PAYROLL (920)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 156,000
PAYROLL RELATED (926)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 23,400
OFFICE LEASE (931)		\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 675	\$ 8,100
OFFICE EXPENSE (921)		\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
SAFETY ADVERTISING (930.1)		\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
EQUIPMENT RENTAL (920)		\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
UTILITIES (920)		\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,800
TELEPHONE EXPENSE (920)		\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
LICENSES (927)		\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
REPAIRS (761.762)		\$ 144	\$ 144	\$ 144	\$ 144	\$ 144	\$ 144	\$ 311	\$ 318	\$ 335	\$ 353	\$ 469	\$ 809	\$ 3,457
INSURANCE (924.925)		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
PROFESSIONAL SERV'S (923)		\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 4,200
MISCELLANEOUS (930.2)		\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
BAD DEBTS (904)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEPRECIATION (110)		\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 6,280	\$ 75,360
PRINCIPLE/INTEREST (237)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL O & M EXPENSE		\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 10,449	\$ 124,206
CASH INCOME		\$ 18,284	\$ 18,284	\$ 18,284	\$ 47,051	\$ 47,051	\$ 47,051	\$ 20,319	\$ 21,530	\$ 24,115	\$ 25,542	\$ 41,282	\$ 86,413	\$ 415,206
INCOME TAXES (143) 30%		\$ 5,485	\$ 5,485	\$ 5,485	\$ 14,115	\$ 14,115	\$ 14,115	\$ 6,096	\$ 6,459	\$ 7,234	\$ 7,662	\$ 12,385	\$ 25,924	\$ 124,562
NET INCOME		\$ 12,799	\$ 12,799	\$ 12,799	\$ 32,936	\$ 32,936	\$ 32,936	\$ 14,223	\$ 15,071	\$ 16,880	\$ 17,879	\$ 28,897	\$ 60,489	\$ 290,644
Residential MCF's	95							43	134	259	641	1,701	3,705	6,483
Commercial MCF's	3,000							450	450	630	1,050	2,700	9,000	14,280
Transport MCF's	2,500,000													
TOTAL MCF's								493	584	889	1,691	4,401	12,705	20,763
RESIDENTIAL RATE (480)		\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE (481)		\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
TRANSPORT RATE (489)		\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85
COST PER MCF		\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS								15	47	91	135	179	195	195
RESIDENTIAL								5	5	7	7	9	15	15
COMMERCIAL														
TRANSPORT								20	52	98	142	188	210	210
TOTAL CUSTOMERS (143)		0	0	0	0	0	0	20	52	98	142	188	210	210
SERVICE CHG/RES.		\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG/COMM.		\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/TRANS		\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

Allen County Gas Transportation, Inc.
Financial Performa (2001)

Year:	2001	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL	
		(USoA #)													
		SALES & REVENUES (142)													
		\$ 38,988	\$ 40,168	\$ 30,164	\$ 13,979	\$ 9,234	\$ 10,080	\$ 10,927	\$ 11,773	\$ 12,620	\$ 22,444	\$ 47,709	\$ 101,061	\$ 349,148	
		\$ 76,800	\$ 69,120	\$ 51,840	\$ 21,600	\$ 14,400	\$ 14,400	\$ 15,840	\$ 15,840	\$ 17,280	\$ 28,800	\$ 57,600	\$ 120,000	\$ 503,520	
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		\$ 115,788	\$ 109,288	\$ 82,004	\$ 35,579	\$ 23,634	\$ 24,480	\$ 26,767	\$ 27,613	\$ 29,900	\$ 51,244	\$ 105,309	\$ 221,061	\$ 852,668	
		OTHER SALES:													
		\$ 2,076	\$ 2,307	\$ 2,598	\$ 2,829	\$ 3,120	\$ 3,351	\$ 3,642	\$ 3,873	\$ 4,164	\$ 4,395	\$ 4,626	\$ 4,887	\$ 41,868	
		\$ 850	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 825	\$ 850	\$ 10,150	
		\$ 34,480	\$ 34,480	\$ 34,480	\$ 69,060	\$ 69,060	\$ 69,060	\$ 68,670	\$ 68,670	\$ 68,670	\$ 64,560	\$ 64,560	\$ 64,560	\$ 710,310	
		\$ 340	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 330	\$ 330	\$ 330	\$ 340	\$ 4,060	
		\$ 153,534	\$ 147,230	\$ 120,307	\$ 108,623	\$ 97,039	\$ 98,046	\$ 100,304	\$ 101,311	\$ 103,959	\$ 121,354	\$ 175,650	\$ 291,698	\$ 1,619,056	
		\$ 37,616	\$ 35,378	\$ 26,545	\$ 11,484	\$ 7,630	\$ 7,884	\$ 8,624	\$ 8,878	\$ 9,618	\$ 16,453	\$ 33,753	\$ 70,818	\$ 274,682	
		\$ 115,918	\$ 111,852	\$ 93,762	\$ 97,139	\$ 89,409	\$ 90,162	\$ 91,680	\$ 92,433	\$ 94,341	\$ 104,901	\$ 141,897	\$ 220,880	\$ 1,344,373	
		O & M EXPENSES													
		\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 26,800	\$ 321,600	
		\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 4,020	\$ 48,240	
		\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 13,200	
		\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 6,180	
		\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 3,708	
		\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 206	\$ 2,472	
		\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 155	\$ 1,854	
		\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 309	\$ 3,708	
		\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 618	
		\$ 768	\$ 736	\$ 602	\$ 543	\$ 485	\$ 490	\$ 502	\$ 507	\$ 520	\$ 607	\$ 878	\$ 1,458	\$ 8,095	
		\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 1,030	\$ 12,360	
		\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361	\$ 4,326	
		\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 515	\$ 6,180	
		\$ 768	\$ 736	\$ 602	\$ 543	\$ 485	\$ 490	\$ 502	\$ 507	\$ 520	\$ 607	\$ 878	\$ 1,458	\$ 8,095	
		\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 7,850	\$ 94,200	
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
		\$ 44,756	\$ 44,693	\$ 44,424	\$ 44,307	\$ 44,191	\$ 44,201	\$ 44,224	\$ 44,234	\$ 44,260	\$ 44,434	\$ 44,977	\$ 46,137	\$ 534,837	
		\$ 71,162	\$ 67,159	\$ 49,339	\$ 52,833	\$ 45,218	\$ 45,961	\$ 47,456	\$ 48,200	\$ 50,081	\$ 60,467	\$ 96,920	\$ 174,742	\$ 809,537	
		\$ 21,349	\$ 20,148	\$ 14,802	\$ 15,850	\$ 13,565	\$ 13,788	\$ 14,237	\$ 14,460	\$ 15,024	\$ 18,140	\$ 29,076	\$ 52,423	\$ 242,861	
		\$ 49,813	\$ 47,011	\$ 34,537	\$ 36,983	\$ 31,653	\$ 32,173	\$ 33,219	\$ 33,740	\$ 35,057	\$ 42,327	\$ 67,844	\$ 122,320	\$ 566,676	
		Residential MCF's	4,332	3,352	1,553	1,026	1,120	1,214	1,308	1,402	2,494	5,301	11,229	38,794	
		Commercial MCF's	9,600	8,640	2,700	1,800	1,800	1,980	1,980	2,160	3,600	7,200	15,000	62,940	
		Transport MCF's	13,932	13,103	9,832	2,826	2,920	3,194	3,288	3,562	6,094	12,501	26,229	101,734	
		TOTAL MCF's	95	3,000	2,625,000	95	3,000	95	3,000	95	3,000	95	3,000	95	
		RESIDENTIAL RATE	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	
		COMMERCIAL RATE	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	
		TRANSPORT RATE	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	
		COST PER MCF	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	
		# OF CUSTOMERS	228	261	294	360	393	426	459	492	525	558	591	591	
		RESIDENTIAL	16	16	18	20	20	22	22	24	24	24	25	25	
		COMMERCIAL	0	0	0	0	0	0	0	0	0	0	0	0	
		TRANSPORT	244	277	312	380	413	448	481	516	549	582	616	616	
		TOTAL CUSTOMERS	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
		SERVICE CHG/RES.	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	
		SERVICE CHG/COMM.	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	
		SERVICE CHG/TRANSP													

Allen County Gas Transportation, Inc.
Financial Performance (2002)

Year:	2002	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES (142)		\$ 106,704	\$ 101,112	\$ 70,794	\$ 30,908	\$ 19,391	\$ 20,238	\$ 21,084	\$ 21,931	\$ 22,777	\$ 39,373	\$ 81,567	\$ 168,777	\$ 704,657
NAT-RESIDENTIAL (480)		\$ 124,800	\$ 112,320	\$ 80,640	\$ 33,600	\$ 21,600	\$ 21,600	\$ 23,040	\$ 23,040	\$ 24,480	\$ 40,800	\$ 84,000	\$ 168,000	\$ 757,920
NAT-COMMERCIAL (481)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NAT-TRANSPORT (489)		\$ 231,504	\$ 213,432	\$ 151,434	\$ 64,508	\$ 40,991	\$ 41,838	\$ 44,124	\$ 44,971	\$ 47,257	\$ 80,173	\$ 165,567	\$ 336,777	\$ 1,462,577
TOTAL GAS SALES		\$ 5,148	\$ 5,379	\$ 5,670	\$ 5,901	\$ 6,192	\$ 6,423	\$ 6,714	\$ 6,945	\$ 7,236	\$ 7,467	\$ 7,728	\$ 7,959	\$ 78,762
OTHER SALES:		\$ 850	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 850	\$ 825	\$ 10,150
SERVICE CHARGES (143)		\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 41,376	\$ 413,760
CONNECT CHARGES (143)		\$ 340	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 340	\$ 330	\$ 4,060
SPECIAL TRANS AGREEMENT (489)		\$ 279,218	\$ 261,342	\$ 199,705	\$ 154,436	\$ 131,280	\$ 132,288	\$ 134,467	\$ 135,475	\$ 138,122	\$ 166,267	\$ 251,957	\$ 423,363	\$ 2,407,921
MISC. MATERIALS/SUPPLIES (150)		\$ 74,131	\$ 68,242	\$ 48,454	\$ 20,612	\$ 13,107	\$ 13,361	\$ 14,101	\$ 14,355	\$ 15,095	\$ 25,582	\$ 52,820	\$ 107,333	\$ 467,195
TOTAL SALES (483)		\$ 205,087	\$ 193,101	\$ 151,251	\$ 133,824	\$ 118,173	\$ 119,926	\$ 120,368	\$ 121,120	\$ 123,027	\$ 140,685	\$ 199,137	\$ 316,030	\$ 1,940,726
COST OF SALES		\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 27,633	\$ 331,596
GROSS PROFIT		\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 4,145	\$ 49,739
O & M EXPENSES		\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 1,133	\$ 13,596
PAYROLL (920)		\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 6,365
PAYROLL RELATED (926)		\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 3,819
OFFICE LEASE (931)		\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 159	\$ 1,910
SAFETY ADVERTISING (930.1)		\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 3,819
EQUIPMENT RENTAL (920)		\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 53	\$ 637
UTILITIES (920)		\$ 1,396	\$ 1,307	\$ 999	\$ 772	\$ 656	\$ 661	\$ 672	\$ 677	\$ 691	\$ 831	\$ 1,260	\$ 2,117	\$ 12,040
TELEPHONE EXPENSE (920)		\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 1,061	\$ 12,731
REPAIRS (761.762)		\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 371	\$ 4,456
INSURANCE (924.925)		\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 530	\$ 6,365
PROFESSIONAL SVCS (923)		\$ 1,396	\$ 1,307	\$ 999	\$ 772	\$ 656	\$ 661	\$ 672	\$ 677	\$ 691	\$ 831	\$ 1,260	\$ 2,117	\$ 12,040
MISCELLANEOUS (930.2)		\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 8,900	\$ 106,800
BAD DEBTS (904)		\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 525,000
DEPRECIATION (110)		\$ 91,907	\$ 91,728	\$ 91,112	\$ 90,659	\$ 90,428	\$ 90,438	\$ 90,460	\$ 90,470	\$ 90,496	\$ 90,778	\$ 91,635	\$ 93,349	\$ 1,093,459
PRINCIPLE/INTEREST [6.5%20yr] (237)		\$ 113,180	\$ 101,372	\$ 60,139	\$ 43,164	\$ 27,745	\$ 28,489	\$ 29,906	\$ 30,650	\$ 32,531	\$ 49,907	\$ 107,502	\$ 222,681	\$ 847,267
TOTAL O & M EXPENSE		\$ 33,954	\$ 30,412	\$ 18,042	\$ 12,949	\$ 8,324	\$ 8,547	\$ 8,972	\$ 9,195	\$ 9,759	\$ 14,972	\$ 32,251	\$ 66,804	\$ 254,180
CASH INCOME		\$ 79,226	\$ 70,961	\$ 42,097	\$ 30,215	\$ 19,422	\$ 19,942	\$ 20,934	\$ 21,455	\$ 22,772	\$ 34,935	\$ 75,252	\$ 155,877	\$ 593,087
'INCOME TAXES (143) 30%		\$ 11,856	\$ 11,235	\$ 7,866	\$ 3,434	\$ 2,155	\$ 2,249	\$ 2,343	\$ 2,437	\$ 2,531	\$ 4,375	\$ 9,063	\$ 18,753	\$ 78,295
NET INCOME		\$ 15,600	\$ 14,040	\$ 10,080	\$ 4,200	\$ 2,700	\$ 2,700	\$ 2,880	\$ 2,880	\$ 3,060	\$ 5,100	\$ 10,500	\$ 21,000	\$ 94,740
Residential MCF's	95	27,456	25,275	17,946	7,634	4,855	4,949	5,223	5,317	5,591	9,475	19,563	39,753	173,035
Commercial MCF's	3000													
Transport MCF's	2756250													
TOTAL MCF's		\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00	\$ 9,00
RESIDENTIAL RATE		\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00	\$ 8,00
COMMERCIAL RATE		\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85
TRANSPORT RATE		\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70
COST PER MCF		\$ 624	\$ 657	\$ 690	\$ 723	\$ 756	\$ 789	\$ 822	\$ 855	\$ 888	\$ 921	\$ 954	\$ 987	\$ 987
# OF CUSTOMERS		26	26	28	28	30	30	32	32	34	34	35	35	35
RESIDENTIAL		650	683	718	751	786	819	854	887	922	955	989	1,022	1,022
COMMERCIAL		\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00	\$ 7,00
TRANSPORT		\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00
TOTAL CUSTOMERS		\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00
SERVICE CHG/RES.		\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00	\$ 30,00
SERVICE CHG/COMM.		\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00	\$ 70,00
SERVICE CHG/TRANSP														

Allen County Gas Transportation, Inc.
Financial Performance (2003)

Year:	2003	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
	(USoA #)													
SALES & REVENUES (142)		\$ 174,420	\$ 162,057	\$ 111,424	\$ 47,837	\$ 29,549	\$ 30,395	\$ 31,242	\$ 32,088	\$ 32,935	\$ 56,302	\$ 115,425	\$ 236,493	\$ 1,060,166
NAT-RESIDENTIAL (480)		\$ 172,800	\$ 155,520	\$ 109,440	\$ 45,600	\$ 28,800	\$ 28,800	\$ 30,240	\$ 30,240	\$ 31,680	\$ 52,800	\$ 108,000	\$ 216,000	\$ 1,009,920
NAT-COMMERCIAL (481)		\$ 1,649,616	\$ 1,484,654	\$ 989,769	\$ 412,404	\$ 247,442	\$ 247,442	\$ 247,442	\$ 247,442	\$ 247,442	\$ 412,404	\$ 824,808	\$ 1,649,616	\$ 8,660,482
NAT-TRANSPORT (489)		\$ 1,996,836	\$ 1,802,231	\$ 1,210,633	\$ 505,841	\$ 305,791	\$ 306,638	\$ 308,924	\$ 309,770	\$ 312,057	\$ 521,506	\$ 1,048,233	\$ 2,102,109	\$ 10,730,568
TOTAL GAS SALES		\$ 8,290	\$ 8,521	\$ 8,812	\$ 9,043	\$ 9,334	\$ 9,565	\$ 9,856	\$ 10,087	\$ 10,378	\$ 10,609	\$ 10,870	\$ 11,101	\$ 116,466
OTHER SALES:		\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 10,175
SERVICE CHARGES (143)		\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 49,651	\$ 1,022,841
CONNECT CHARGES (143)		\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 4,070
SPECIAL TRANS AGREEMENT (489)		\$ 2,056,002	\$ 1,861,558	\$ 1,270,321	\$ 615,485	\$ 415,796	\$ 416,804	\$ 418,889	\$ 419,896	\$ 422,544	\$ 626,236	\$ 1,153,259	\$ 2,207,331	\$ 11,884,120
MISC. MATERIAL SUPPLIES (150)		\$ 1,673,440	\$ 1,507,619	\$ 1,008,039	\$ 420,440	\$ 253,004	\$ 253,258	\$ 253,998	\$ 254,252	\$ 254,991	\$ 425,409	\$ 852,474	\$ 1,706,642	\$ 8,863,565
TOTAL SALES (483)		\$ 382,562	\$ 353,938	\$ 262,282	\$ 195,046	\$ 162,792	\$ 163,546	\$ 164,891	\$ 165,645	\$ 167,553	\$ 200,827	\$ 300,784	\$ 500,689	\$ 3,020,555
COST OF SALES		\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 25,744	\$ 308,928
GROSS PROFIT		\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 3,862	\$ 46,339
O & M EXPENSES		\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 1,167	\$ 14,004
PAYROLL (920)		\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 6,556
PAYROLL RELATED (926)		\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 3,934
OFFICE LEASE (931)		\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 219	\$ 2,623
OFFICE EXPENSE (921)		\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 164	\$ 1,967
SAFETY ADVERTISING (930.1)		\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 328	\$ 3,934
EQUIPMENT RENTAL (920)		\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 656
UTILITIES (920)		\$ 10,280	\$ 9,308	\$ 6,352	\$ 3,077	\$ 2,079	\$ 2,084	\$ 2,094	\$ 2,099	\$ 2,113	\$ 3,131	\$ 5,766	\$ 11,037	\$ 59,421
TELEPHONE EXPENSE (920)		\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 1,093	\$ 13,113
LICENSES (927)		\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 4,589
REPAIRS (761, 762)		\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 546	\$ 6,556
INSURANCE (924, 925)		\$ 10,280	\$ 9,308	\$ 6,352	\$ 3,077	\$ 2,079	\$ 2,084	\$ 2,094	\$ 2,099	\$ 2,113	\$ 3,131	\$ 5,766	\$ 11,037	\$ 59,421
PROFESSIONAL SVCS (923)		\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 9,945	\$ 119,340
MISCELLANEOUS (930.2)		\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 525,000
BAD DEBITS (904)		\$ 108,688	\$ 106,744	\$ 100,831	\$ 94,283	\$ 92,286	\$ 92,296	\$ 92,317	\$ 92,327	\$ 92,354	\$ 94,391	\$ 99,661	\$ 110,202	\$ 1,176,380
DEPRECIATION (110)		\$ 273,874	\$ 247,195	\$ 161,450	\$ 100,762	\$ 70,506	\$ 71,250	\$ 72,574	\$ 73,318	\$ 75,199	\$ 106,436	\$ 201,124	\$ 390,487	\$ 1,844,175
PRINCIPLE/INTEREST (6.5%20YR)(237		\$ 82,162	\$ 74,158	\$ 48,435	\$ 30,229	\$ 21,152	\$ 21,375	\$ 21,772	\$ 21,995	\$ 22,560	\$ 31,931	\$ 60,337	\$ 117,146	\$ 563,253
TOTAL O & M EXPENSE		\$ 191,712	\$ 173,036	\$ 113,015	\$ 70,534	\$ 49,354	\$ 49,875	\$ 50,802	\$ 51,322	\$ 52,639	\$ 74,505	\$ 140,787	\$ 273,341	\$ 1,290,923
CASH INCOME		\$ 19,380	\$ 18,006	\$ 12,380	\$ 5,315	\$ 3,283	\$ 3,377	\$ 3,471	\$ 3,565	\$ 3,659	\$ 6,256	\$ 12,825	\$ 26,277	\$ 117,796
INCOME TAXES (143) 30%		\$ 21,600	\$ 19,440	\$ 13,680	\$ 5,700	\$ 3,600	\$ 3,600	\$ 3,780	\$ 3,780	\$ 3,960	\$ 6,900	\$ 13,500	\$ 27,000	\$ 126,240
NET INCOME		\$ 578,813	\$ 520,931	\$ 347,288	\$ 144,703	\$ 86,822	\$ 86,822	\$ 86,822	\$ 86,822	\$ 86,822	\$ 144,703	\$ 289,406	\$ 578,813	\$ 3,038,766
Residential MCF's	95	\$ 619,793	\$ 558,378	\$ 373,348	\$ 155,718	\$ 93,705	\$ 93,799	\$ 94,073	\$ 94,167	\$ 94,441	\$ 157,559	\$ 315,731	\$ 632,090	\$ 3,282,802
Commercial MCF's	3,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Transport MCF's	2,894,063	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
TOTAL MCF's		\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85	\$ 2,85
RESIDENTIAL RATE		\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70	\$ 2,70
COMMERCIAL RATE		\$ 1,020	\$ 1,053	\$ 1,086	\$ 1,119	\$ 1,152	\$ 1,185	\$ 1,218	\$ 1,251	\$ 1,284	\$ 1,317	\$ 1,350	\$ 1,383	\$ 1,383
TRANSPORT		\$ 36	\$ 36	\$ 38	\$ 38	\$ 40	\$ 40	\$ 42	\$ 42	\$ 44	\$ 44	\$ 45	\$ 45	\$ 45
TOTAL CUSTOMERS		\$ 1,057	\$ 1,090	\$ 1,125	\$ 1,158	\$ 1,193	\$ 1,226	\$ 1,261	\$ 1,294	\$ 1,329	\$ 1,362	\$ 1,396	\$ 1,429	\$ 1,429
SERVICE CHG/COMM.		\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
SERVICE CHG/TRANSP		\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000

Allen County Gas Transportation, Inc.
Financial Performance (2004)

Year:	2004	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
		(USoA #)												
SALES & REVENUES (142)														
NAT-RESIDENTIAL (480)		\$ 242,136	\$ 223,001	\$ 152,053	\$ 64,766	\$ 39,706	\$ 40,553	\$ 41,399	\$ 42,246	\$ 43,082	\$ 73,231	\$ 149,283	\$ 304,209	\$ 1,415,675
NAT-COMMERCIAL (481)		\$ 220,800	\$ 198,720	\$ 138,240	\$ 57,600	\$ 36,000	\$ 36,000	\$ 37,440	\$ 37,440	\$ 38,880	\$ 64,800	\$ 132,000	\$ 264,000	\$ 1,261,920
NAT-TRANSPORT (489)		\$ 1,732,096	\$ 1,558,887	\$ 1,039,258	\$ 433,024	\$ 259,814	\$ 259,814	\$ 259,814	\$ 259,814	\$ 259,814	\$ 433,024	\$ 866,048	\$ 1,732,096	\$ 9,093,506
TOTAL GAS SALES		\$ 2,195,032	\$ 1,980,608	\$ 1,329,551	\$ 555,390	\$ 335,521	\$ 336,367	\$ 338,654	\$ 339,500	\$ 341,786	\$ 571,055	\$ 1,147,331	\$ 2,300,305	\$ 11,771,101
OTHER SALES:														
SERVICE CHARGES (143)		\$ 11,362	\$ 11,593	\$ 11,884	\$ 12,115	\$ 12,406	\$ 12,637	\$ 12,928	\$ 13,159	\$ 13,450	\$ 13,681	\$ 13,942	\$ 14,173	\$ 153,330
CONNECT CHARGES (143)		\$ 850	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 875	\$ 825	\$ 850	\$ 825	\$ 10,150
SPECIAL TRANS AGREEMENT (489)		\$ 59,581	\$ 59,581	\$ 59,581	\$ 119,335	\$ 119,335	\$ 119,335	\$ 118,661	\$ 118,661	\$ 118,661	\$ 111,559	\$ 111,559	\$ 111,559	\$ 1,227,408
MISC. MATERIALS/SUPPLIES (150)		\$ 340	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 350	\$ 330	\$ 340	\$ 330	\$ 4,060
TOTAL SALES (483)		\$ 2,267,165	\$ 2,052,937	\$ 1,402,241	\$ 687,995	\$ 468,487	\$ 469,494	\$ 471,468	\$ 472,475	\$ 475,122	\$ 697,450	\$ 1,274,022	\$ 2,427,192	\$ 13,166,049
COST OF SALES		\$ 1,786,094	\$ 1,610,808	\$ 1,076,832	\$ 449,103	\$ 270,202	\$ 270,456	\$ 271,196	\$ 271,450	\$ 272,190	\$ 454,073	\$ 909,802	\$ 1,821,296	\$ 9,465,501
GROSS PROFIT		\$ 479,071	\$ 442,128	\$ 325,409	\$ 238,892	\$ 198,285	\$ 199,038	\$ 200,272	\$ 201,025	\$ 202,933	\$ 243,377	\$ 364,221	\$ 605,896	\$ 3,700,548
O & M EXPENSES														
PAYROLL (920)		\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 26,539	\$ 318,468
OFFICE LEASE (931)		\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 3,981	\$ 47,770
OFFICE EXPENSE (921)		\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 1,202	\$ 14,424
SAFETY ADVERTISING (930.1)		\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 6,753
EQUIPMENT RENTAL (920)		\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 4,052
UTILITIES (920)		\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 225	\$ 2,701
TELEPHONE EXPENSE (920)		\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 169	\$ 2,026
LICENSES (927)		\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 338	\$ 4,052
REPAIRS (761, 762)		\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 675
INSURANCE (924,925)		\$ 11,336	\$ 10,265	\$ 7,011	\$ 3,440	\$ 2,342	\$ 2,347	\$ 2,357	\$ 2,362	\$ 2,376	\$ 3,487	\$ 6,370	\$ 12,136	\$ 65,830
PROFESSIONAL SERV'S (923)		\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 1,126	\$ 13,506
MISCELLANEOUS (930.2)		\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 394	\$ 4,727
BAD DEBITS (904)		\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 563	\$ 6,753
DEPRECIATION (110)		\$ 11,336	\$ 10,265	\$ 7,011	\$ 3,440	\$ 2,342	\$ 2,347	\$ 2,357	\$ 2,362	\$ 2,376	\$ 3,487	\$ 6,370	\$ 12,136	\$ 65,830
PRINCIPAL/INTEREST [6.5%20YR] (237)		\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 10,470	\$ 125,640
TOTAL O & M EXPENSE		\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 43,750	\$ 525,000
CASH INCOME		\$ 112,384	\$ 110,242	\$ 103,735	\$ 96,592	\$ 94,397	\$ 94,407	\$ 94,427	\$ 94,437	\$ 94,464	\$ 96,687	\$ 102,453	\$ 113,984	\$ 1,208,208
'INCOME TAXES (143) 30%		\$ 366,687	\$ 331,887	\$ 221,674	\$ 142,300	\$ 103,888	\$ 104,631	\$ 105,845	\$ 106,588	\$ 108,469	\$ 146,690	\$ 261,768	\$ 491,912	\$ 2,492,340
NET INCOME		\$ 110,006	\$ 99,566	\$ 232,321	\$ 66,502	\$ 31,166	\$ 31,389	\$ 31,753	\$ 31,976	\$ 32,541	\$ 44,007	\$ 78,530	\$ 147,574	\$ 747,702
Residential MCF's	95	\$ 26,904	\$ 24,778	\$ 16,995	\$ 7,196	\$ 4,412	\$ 4,506	\$ 4,600	\$ 4,694	\$ 4,788	\$ 8,137	\$ 16,587	\$ 33,801	\$ 157,297
Commercial MCF's	3,000	\$ 27,600	\$ 24,840	\$ 17,280	\$ 7,200	\$ 4,500	\$ 4,500	\$ 4,680	\$ 4,680	\$ 4,860	\$ 8,100	\$ 16,500	\$ 33,000	\$ 157,740
Transport MCF's	3,038,766	\$ 607,753	\$ 546,978	\$ 364,652	\$ 151,938	\$ 91,163	\$ 91,163	\$ 91,163	\$ 91,163	\$ 91,163	\$ 151,938	\$ 303,877	\$ 607,753	\$ 3,190,704
TOTAL MCF's		\$ 662,257	\$ 596,596	\$ 398,927	\$ 186,335	\$ 100,075	\$ 100,169	\$ 100,443	\$ 100,537	\$ 100,811	\$ 168,175	\$ 336,964	\$ 674,554	\$ 3,505,741
RESIDENTIAL RATE		\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
COMMERCIAL RATE		\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
TRANSPORT RATE		\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85	\$ 2.85
COST PER MCF		\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70	\$ 2.70
# OF CUSTOMERS		1,416	1,449	1,482	1,515	1,548	1,581	1,614	1,647	1,680	1,713	1,746	1,779	1,779
RESIDENTIAL		46	46	48	48	50	50	52	52	54	54	55	55	55
COMMERCIAL		1	1	1	1	1	1	1	1	1	1	1	1	1
TRANSPORT		1,463	1,496	1,531	1,564	1,599	1,632	1,667	1,700	1,735	1,768	1,802	1,835	1,835
TOTAL CUSTOMERS		\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG'S.		\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/COMM.		\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00
SERVICE CHG/TRANSP														



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

October 7, 1999

To: All parties of record

RE: Case No. 99-260

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

Sincerely,

Stephanie J. Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY 40601

Tim Sharp
Secretary, Treasurer, CEO
Allen County Gas Transportation, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY 42104

Hon. John N. Hughes
124 W. Todd Street
Frankfort, KY 40601

Hon. Mark R. Hutchinson
SHEFFER HUTCHINSON KINNEY
115 E. Second Street
Owensboro, KY 42303

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)	
TRANSPORTATION, INC. FOR)	
APPROVAL OF A CERTIFICATE OF)	CASE NO.
CONVENIENCE AND NECESSITY TO)	99-260
CONSTRUCT AND OPERATE A)	
NATURAL GAS DISTRIBUTION SYSTEM)	

O R D E R

On September 15, 1999, Allen County Gas ("Allen County") filed a letter, which the Commission will treat as a motion, requesting an additional 60-day extension of time in which to respond to the Commission's July 15, 1999 Order and its July 15, 1999 letter regarding filing deficiencies. After considering the motion and being otherwise sufficiently advised, the Commission finds that good cause exists to deny the motion.

IT IS THEREFORE ORDERED that:

1. Allen County's motion for a 60-day extension of time is denied.
2. Allen County shall have an additional 30 days in which to respond to the Commission's July 15, 1999 Order and deficiency letter.
3. If at the expiration of the 30-day period, Allen County has not responded to the Commission's July 15, 1999 Order and letter, this application will be dismissed without prejudice and Allen County may refile.

Done at Frankfort, Kentucky, this 7th day of October, 1999.

By the Commission

ATTEST:


Executive Director

ALLEN Gas COUNTY

RECEIVED

SEP 15 1999

PUBLIC SERVICE
COMMISSION

September 10, 1999

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Case No. 99-260
Response To Filing Deficiencies dated August 23rd, 1999

Dear Executive Director Helton:

In reference to the commission's letter dated August 23rd regarding filing deficiencies for above mentioned case, we are requesting an extension of 60 (sixty) days to complete our responses for the commission. We want our answers to be thorough, since a number of the questions asked require outside consultations which can not be answered until we receive a reply, we formally request this extension to allow us the time necessary for the collection of the information.

Sincerely,
ALLEN COUNTY GAS TRANSPORTATION, INC.



Timothy Sharp
Chief Operating Officer, Director

ALLEN COUNTY



RECEIVED

SEP 10 1999

PUBLIC SERVICE
COMMISSION

September 10, 1999

Helen C. Helton, Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Case No. 99-260
Response To Filing Deficiencies dated August 23rd, 1999

Dear Executive Director Helton:

In reference to the commission's letter dated August 23rd regarding filing deficiencies for above mentioned case, we are requesting an extension of 60 (sixty) days to complete our responses for the commission. We want our answers to be thorough, since a number of the questions asked require outside consultations which can not be answered until we receive a reply, we formally request this extension to allow us the time necessary for the collection of the information.

Sincerely,
ALLEN COUNTY GAS TRANSPORTATION, INC.



Timothy Sharp
Chief Operating Officer, Director

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: File
Case No 99-260

FROM: J. R. Goff *J. R.*
Staff Attorney

DATE: August 31, 1999

RE: PETITION OF ALLEN COUNTY GAS TRANSPORTATION, INC.
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO
CONSTRUCT THE GAS SYSTEM, APPROVAL OF FINANCING,
INITIAL RATES AND THE OPERATION OF A NATURAL GAS
DISTRIBUTION SYSTEM IN ALLEN AND WARREN COUNTIES
IN KENTUCKY

On August 30, 1999, an informal conference was held between Commission Staff and representatives of Allen County Gas Transportation, Inc., ("Allen County Gas Transportation") pursuant to a Commission Order. The persons attending the meeting are as listed on the sign-in sheet attached.

The purpose of the meeting was to discuss the filing deficiencies that were contained in the Appendix of the Order of August 23, 1999, and Allen County Transportation's efforts to cure those deficiencies. Each deficiency was discussed in detail and Allen County Transportation indicated it would answer each requirement. Allen County Transportation indicated that it could file the required information to cure the deficiencies by September 15, 1999, the date set by the Commission Order.

The meeting was then adjourned.

INFORMAL CONFERENCE, CN 94260 - ALLEN CO GAS

<u>NAME</u>	<u>PARTY INVOLVED</u>
JOHN WILLIAMS	PSC STAFF
J. R. GOFF	PSC
Tim Sharp	Allen County GAS.
Robert Mitchell	"
Mike Parsley	
Bud Baldridge	Allen C. Gas
KENNETH A. MCKEITH	ALLEN CO GAS
Fand Sharif	PSC
Eddie B. Smith	PSC Division of Engr.
LARRY AMBURGEY	" "
Jeff Shaw	PSC-FINANCIAL ANALYSIS



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

August 23, 1999

To: All parties of record

RE: Case No. 99-260

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

Sincerely,

Stephanie Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY 40601

Tim Sharp
Secretary, Treasurer, CEO
Allen County Gas Transportation, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY 42104

Hon. John N. Hughes
124 W. Todd Street
Frankfort, KY 40601

Hon. Mark R. Hutchinson
SHEFFER HUTCHINSON KINNEY
115 E. Second Street
Owensboro, KY 42303

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)
TRANSPORTATION, INC. FOR)
APPROVAL OF A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO) CASE NO. 99-260
CONSTRUCT AND OPERATE A)
NATURAL GAS DISTRIBUTION SYSTEM)

O R D E R

On June 16, 1999, Allen County Gas Transportation, Inc. ("Allen County") filed a petition with the Commission seeking a Certificate of Convenience and Necessity to construct and operate a natural gas distribution system. In a July 15, 1999 letter the Commission notified Allen County that its petition was rejected because of numerous instances in which the petition was deficient, or failed to meet, the filing requirements included in the Commission's administrative regulations. By Order dated July 15, 1999, the Commission denied Allen County's request to deviate from the filing requirements contained in 807 KAR 5:001, Sections 11(1)(b), 11(2)(b), and 11(2)(c); 807 KAR 5:001, Sections 6(2), and 6(4) through 6(9); and 807 KAR 5:071, Section 3(3)(a).

On July 30, 1999, Allen County filed a response that cured its deficiencies with the exception of the following items under 807 KAR 5:001, Section 10: (6)(a), 6(b) and (c), (6)(g), (6)(h), (6)(i), (6)(j), (6)(n), and (7)(a). The response also failed to address one item that the Commission had denied Allen County permission to deviate from, specifically, 807 KAR 5:001, Section 11(1)(b).

The Commission, on its own motion, finds that some of the items for which Allen County was found deficient are not applicable to this filing. Therefore, the Commission will allow Allen County a deviation from the filing requirements under 807 KAR 5:001, Sections 6(b) and 6(c). For the remainder of the filing requirements for which Allen County was found to be deficient, or for which its request to deviate was denied, the Commission finds that the petition should not be accepted as filed until the remaining deficiencies are cured or the items are filed. These items are listed in the attached Appendix with the regulation cite along with an explanation of the filing requirement.

The Commission finds that an informal conference between Allen County and the Commission Staff should be scheduled to facilitate the curing of the remaining deficiencies. Therefore, upon its motion, the Commission will schedule an informal conference between Allen County and Commission Staff for the purpose of discussing the filing requirements and deficiencies of this application.

Nothing in this Order shall be construed to mean that Allen County has met the filing requirements for its application at this time.

IT IS THEREFORE ORDERED that:

1. The petition of Allen County shall not be accepted as filed until the outstanding deficiencies have been cured and all applicable filing requirements cited herein have been met.
2. Allen County shall be granted a deviation from the filing requirements included in 807 KAR 5:001, Sections 6(b) and 6(c).
3. An informal conference between Allen County and Commission Staff shall be held on August 30, 1999, at 10:00 a.m., Eastern Daylight Time in Hearing Room 2 of

the Commission's offices at 677 Comanche Trail, Frankfort, Kentucky, for the purposes stated in this Order.

4. Allen County shall file 10 copies of the information identified in this Order as necessary to meet the Commission's minimum filing requirements within 15 days from the date of the informal conference.

Done at Frankfort, Kentucky, this 23rd day of August, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 99-260 DATED AUGUST 23, 1999

The following explanations of the remaining filing deficiencies that must be cured prior to the petition of Allen County being accepted as filed are intended to facilitate and assist in curing those deficiencies. This appendix is issued solely for that purpose.

Deficiency Explanations, Allen County Gas, Case No. 99-260

1. KAR 5:001, Section 10(6)(a). *Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.* Allen County offered no descriptions or quantified explanations for its initial expected costs and expenses, or any basis for future increases reflected in its 5-year forecast (projection) of revenues and expenses. While there is no historical basis for comparison of the forecasted (projected) amounts, the petition must include documentation and explanations justifying those amounts.

2. KAR 5:001, Section 10(6)(g). *Analysis of customers' bills in such detail that revenues from proposed rates can be readily determined for each customer class.* While there are no historical customers' bills for purposes of analysis, the petition must include a schedule, or supporting workpapers, which show the derivation of the projected revenues for each customer class in each year included in Attachment III, the financial exhibit. This should be based on the proposed rates, projected customer levels, and projected volumes for both gas sales and transportation.

3. KAR 5:001, Section 10(6)(h). *Summary of determination of revenue requirements based on return on net investment, rate base, return on capitalization,*

interest coverage, debt service coverage, or operating ratio, with supporting schedules. Attachment III, the financial exhibit, includes pro forma revenues and expenses, and customer and usage projections; however, it does not include a determination of revenue requirements using any of the above-referenced methods. Such a determination must be included as part of the petition.

4. KAR 5:001, Section 10(6)(i). *Reconciliation of rate base and capital used to determine revenue requirements.* Attachment III, the financial exhibit, does not include a reconciliation of rate base and capital used to determine revenue requirements. If a return on rate base or capitalization was used to determine revenue requirements, such a reconciliation must be included as part of the petition.

5. KAR 5:001, Section 10(6)(j). *Current chart of accounts if more detailed than the Uniform System of Accounts.* The referenced Attachment IV does not meet the requirements for a chart of accounts, but if Allen County's chart of accounts is not going to be more detailed than the Uniform System of Accounts, a statement to that effect will be sufficient.

6. KAR 5:001, Section 10(6)(n). *Summary of the latest depreciation study.* Since depreciation has been estimated as part of Allen County's pro forma expenses, a schedule with a detailed calculation of depreciation expense by asset, including the associated cost, estimated date placed in service, useful life, salvage value (if any), and the rate of depreciation must be filed to satisfy this requirement.

7. KAR 5:001, Section 10(7)(a). *Detailed income statement and balance sheet reflecting the impact of all proposed adjustments.* Although an income statement is included in the financial exhibit, nothing has been submitted in the form of a balance

sheet. The petition must include a balance sheet reflecting the proposed utility plant and capital structure of Allen County.

8. KAR 5:001, Section 11(1)(c). *The use to be made of the issue of such securities, notes and bonds.* This should be a separate schedule, but should reference estimated construction costs, including financing, legal and administrative costs.

9. 807 KAR 5:001, Section 11(1)(b): *The amount of notes, bonds, or other evidences of indebtedness, if any, which the utility desires to issue, with terms, rate of interest and whether and how to be secured.* No estimate of the anticipated interest rate on the proposed bond issuance was included although interest expense was estimated for pro forma revenue and expense purposes. An estimate of the anticipated interest rate must be included before the petition can be accepted as filed.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

August 13, 1999

To: All parties of record

RE: Case No. 99-260

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

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY 40601

Tim Sharp
Secretary, Treasurer, CEO
Allen County Gas Transportation, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY 42104

Hon. John N. Hughes
124 W. Todd Street
Frankfort, KY 40601

Hon. Mark R. Hutchinson
SHEPPER HUTCHINSON KINNEY
115 E. Second Street
Owensboro, KY 42303

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)	
TRANSPORTATION, INC. FOR)	
APPROVAL OF A CERTIFICATE OF)	CASE NO.
CONVENIENCE AND NECESSITY TO)	99-260
CONSTRUCT AND OPERATE A)	
NATURAL GAS DISTRIBUTION SYSTEM)	

O R D E R

This matter arising upon the motion of Western Kentucky Gas Company ("Western"), filed July 13, 1999, for full intervention, and it appearing to the Commission that Western has a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

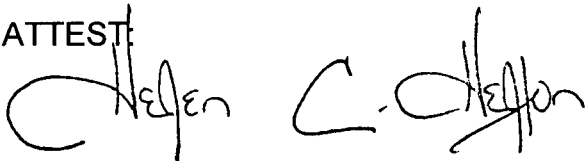
IT IS HEREBY ORDERED that:

1. The motion of Western to intervene is granted.
2. Western shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should Western file documents of any kind with the Commission in the course of these proceedings, it shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 13th day of August, 1999.

By the Commission

ATTEST:

Handwritten signature of Stephen C. Coffey in cursive script.

Executive Director

ALLEN Gas COUNTY

RECEIVED
JUL 30 1999
PUBLIC SERVICE
COMMISSION
July 29, 1999

Public Service Commission
Mrs. Helen Helton, Executive Director
730 Schenkel Lane
Frankfort, KY 04602

Re: Filing Deficiency Answers for Case No. 99-260

Dear Mrs. Helton:

In accordance with your request letter dated July 15th, 1999, we are enclosing six copies of our answers to the filing deficiencies. A number of the items requested do not pertain to our current situation, as we are not engaged in business operations as yet. While we have been seeking startup funding, physical operations have not commenced, therefore certain items answered are n/a.

We appreciate your assistance and cooperation during our application process. Should you need further information please do not hesitate to contact us.

Sincerely,



Robert E. Mitchell, Vice President, Treasurer
Allen County Gas Transmission, Inc.

ALLEN
Gas
COUNTY

RECEIVED

JUL 30 1999

PUBLIC SERVICE
COMMISSION

ANSWERS TO FILING DEFICIENCIES

FOR CASE No. 99-260

Allen County Gas Transportation, Inc.
5966 Scottsville Rd. Suite 7
Bowling Green, Ky 42104
270-393-8300
270-393-8301 Fax

RECEIVED

JUL 30 1999

PUBLIC SERVICE
COMMISSION

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

#1 Deficiency pursuant to KAR 5:001, Section 9

(2) (e). Manner, in detail, in which it is proposed to finance the new construction or extension.

(a). *See attachment "1" Collateralized Mortgage Obligation*

#2 Deficiency pursuant to KAR 5:001, Section 10

(1) (b) (7). Proposed Tariff

(a). *See attachment "2" Tariff in form complying with 807 KAR 5:011*

(6) (a). Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment

(a). *N/A; ACG is not applying for changes as no previous application for Tariff exists.*

(6) (b) & (c). If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.

(a). *N/A; The business has no previous revenues to report.*

(6) (d). Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.

(a). *N/A; No rates have been previously established for this system.*

(6) (g). Analysis of customer's bills in such detail that revenues from proposed rates can be readily determined for each customer class.

(a). *N/A; There has been no activity, therefore no billing. See Attachment II "Tariffs" Sheet 1.*

(6) (h). Summary of determination of revenue requirements based on return on net investment, rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

(a). *See Attachment III.*

(6) (l). Reconciliation of rate base and capital used to determine revenue requirements.

(a). *See Attachment III.*

(6) (j). Current chart of accounts if more detailed than the Uniform System of Accounts.

(a). *See Attachment IV.*



Allen County Gas Transportation, Inc.
DEFICIENCY ANSWERS CONTINUED:

- (6) (k). Independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness in internal controls.

(a). *N/A: No auditor's opinion exist at this time due to inactivity.*

- (6) (l). The most recent FERC or FCC audit reports.

(a). *N/A: No activity therefore no requirement to file these forms.*

- (6) (m). The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).

(a). *N/A: No activity therefore no requirement to file these forms.*

- (6) (n). Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.

(a). *N/A: No activity therefore no requirement to file these forms.*

- (6) (o). List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.

(a). *Microsoft Office 97 and Excel 97, developed in-house floating spread sheets for all work papers associated with this filing using Industry Standards. System Hardware requirements: 486 or higher processor; 8-12 MB of memory. Office 97 used for word processing Excel for all spread sheets. Once in operation specific industry software is under review for meter management and billing requirements.*

- (6) (p). Prospectuses of most recent stock or bond offerings.

(a). *See Attachment V.*

- (6) (q). Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.

(a). *N/A: No Activity to report.*

- (6) (s). SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10 Qs issued during the past 6 quarters updated as current information becomes available.

(a). *N/A: No Activity to report.*

J.M.

Allen County Gas Transportation, Inc.
DEFICIENCY ANSWERS CONTINUED:

(6) (t). If utility had any amounts charged or allocated to it by affiliate, general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:

1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment;
2. Explanation of how allocator for the test period was determined; AND;
3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable.

(a). *N/A: #1, #2, & #3 No affiliate, general or home office.*

(7) (a). Detailed income statement and balance sheet reflecting impact of all proposed adjustments.

(a). *N/A: No Activity to report.*

(7) (b). Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.

(a). *N/A: No additions planned.*

(7) (c) (1). Starting date of the construction of each major component of plant (no construction schedule).

(a). *N/A: No construction commenced as of this date.*

(7) (c) (4). Amount contained in construction work in progress at end of test period.

(a). *N/A: No construction commenced as of this date.*

(7) (d). Operating budget for each month of the period encompassing the pro forma adjustments

(a). *N/A: No adjustments applied for.*

(7) (e). Number of customers to be added to the test period - end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details.

(a). *N/A: No adjustments applied for or test established.*

3. Filing deficiencies pursuant to 807 KAR 5:001, Section 11:

(1) (c). Statement of how proceeds are to be used. Should show amounts for each type of use (i.e., property, debt refunding, etc.)

(a). *See Attachment III & IV.*

Should you have any further requirements please contact us.

Sincerely,



Robert E. Mitchell, V.P., Treasurer
Allen County Gas Transmission, Inc.

Allen County Gas Transportation, Inc.

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

ATTACHMENT I

Description
of a
Collateralized Mortgage Obligation

A Collateralized Mortgage Obligation in the simplest of terms is a securitized debt installment that in the aggregate covers the total amount that is to be borrowed. The underlying security supporting the instrument can range from payment streams such as royalties, receivables, car loan payments to real or equipment property.

The instrument itself is divided into branches or strips representing individual annual maturities that span the life of the obligation. For an example; a 15 year obligation would offer 15 strips from which an investor may choose to meet certain portfolio objectives, such a selecting one or more early short term strips offering lower yields or opting for longer term strip(s) offering higher yields.

Each strip represents a year of maturity. In the year that the year matures the investor receives Principal and Interest payments. During years leading up to his/her selected maturing year the investor receives Interest only. At the end of the maturing year the investor is paid off and the obligation goes on to the following maturing years until the final payment is rendered with the conclusion of the 180th payment. This means that in the out years the number investors to lay claim on the collateral is proportionately reduced, thereby increasing the remaining investors secured position in the underlying collateral, A very important marketing advantage for the Broker Dealer in selling the CMO strips.

Meanwhile the payment obligation of the borrower (Allen County Gas Transmission, Inc.) remains level throughout the term of the obligation even though the Interest paid on the given strips is graduated from lower Interest rates in the early years to higher Interest rates longer term.

The utilization of the CMO allows Allen County Gas Transmission, Inc. substantial financial advantages visa-vi placement commissions. In an equity placement memorandum there will be at minimum cost of commission and fees. Some of these costs will have to be paid up front and the remainder taken out of the proceeds raised in the Equity document. In the case of using the CMO method, commissions are to be paid from the discounted cash flow from the graduated interest stream and that which Allen County Gas Transmission, Inc. pays allowing Allen County Gas Transmission, Inc. to net the \$3,751,152.

*See Cost Estimate Attached

** Allen County Gas Transmission, Inc. is in the process of determining the final Bonding Authority for this finance obligation.

COST ESTIMATE
for
ALLEN COUNTY GAS TRANS. CO., INC.
Proposed Gas Transmission/Distribution System

ITEM NO	DESCRIPTION	SIZE	QUANTITY	UNIT COST			ITEM COST
				MATERIAL	LABOR	COMBINED	
1	Steel line pipe, API 5L, X-42., ERW, 0.219" wall, w/ " skotchkote 206N" or equivalent, 12 mil. Thickness (min.)	6"	47,800 ft.			\$18.00/ ft.	\$860,400
2	Steel line pipe, API 5L, Gr. B., ERW, 0.188" wall, w/ " skotchkote 206N" or equivalent, 12 mil. Thickness (min.)	4"	37,850 ft.	\$2.68/ft	\$9.25/ft	\$11.95/ ft.	\$452,308
3	Polyethylene Pipe, SDR II	1"	109,800 ft.			\$3.00/ ft.	\$329,400
4	Polyethylene Pipe, SDR II	2"	50,500 ft.			\$3.75/ ft.	\$189,375
5	Polyethylene Pipe, SDR II	3"	54,100 ft.			\$4.50/ ft.	\$243,450
6	Polyethylene Pipe, SDR II	4"	20,200 ft.			\$6.00/ ft.	\$121,200
7	Polyethylene Pipe, SDR II	6"	15,800 ft.			\$7.50/ ft.	\$118,500
8	Bore beneath roadway (30' avg.)	4" x 6"	5 ea.			\$1,250 ea.	\$6,250
9	Open cut (saw pavement install PE pipe and conduit)	4" x 6"	14 ea.			\$1,600 ea.	\$22,400
10	Open cut (saw pavement install steel pipe w/o conduit)	4"	15 ea.			\$500 ea.	\$7,500
11	Bore beneath Rt. 231 @ Dye Ford Rd. (install 6" PE w/8" steel conduit)	6" x 8"	60 ft.			\$50.00/ ft.	\$3,000
12	Open cut (saw pavement, install PE pipe and conduit in Plano area.	6" x 8"	5 ea.			\$900 ea.	\$4,500
	Bore beneath side roads along old Scottsville						
13	Rd. (install 3" PE w/6" steel conduit)	3" x 6"	12 ea.			\$1,200 ea.	\$14,400
14	Open cut (saw pavement, install PE pipe and conduit)	3" x 6"	40 ea.			\$850 ea.	\$34,000
15	Open cut (saw pavement, install PE pipe and conduit.	2" x 4"	25 ea.			\$800 ea.	\$20,000
16	Reparing streets after open cut		5,390 sq.ft.			3 sq.ft.	\$16,170

COST ESTIMATE
for
ALLEN COUNTY GAS TRANS. CO., INC.
Proposed Gas Transmission/Distribution System

ITEM NO.	DESCRIPTION	SIZE	QUANTITY	MATERIAL	LABOR	COMBINED	ITEM COST
17	Right-of-Way Acquisition		226,250	\$1.00/ ft.			\$226,250
18	Valves and miscellaneous fitting						\$70,000
19	Tracer Wire		250,000 ft.			\$0.50/ ft.	\$125,000
20	Domestic meter/Regulator Installation		1,098 Res.			250 /Res.	\$274,500
21	Reclamation of right-of-way		336,050 ft.			\$0.25/ ft.	\$84,013
22	Anode magnesium, 17 lb. High potential at 200 ft. spacing on steel pipe.		350			\$110 ea.	\$38,500
23	Corrosion control test station, 5 terminal on bakelite panel, PVC body, 5 color coded wires on steel pipe.		20			\$150 ea.	\$3,000
24	Gas Pipeline markers		140			\$15 ea.	\$2,100
25	Provide and install hot tap, check valve and EGM at TGP pipeline by TGP		1				\$52,300
26	Gas measurement and regulating station at TGP pipeline		1	40,000	\$8,000 /sta.		\$48,000
27	Regulating station		7	\$6000 /sta.	\$1500 /sta.	\$7500 /sta.	\$52,500
28	River X-ing (Drakes Cr.)	4"	450 ft.			\$90.00/ ft.	\$40,500
*Engineering Design & Inspection:							\$3,459,515
Construction Total:							\$291,637
TOTAL:							\$3,751,152

Note: The following items are not included in Estimate

- 1 Rock Excavation
- 2 Gas heater upstream of M & R Station
- 3 Odorization
- 4 Labor for Right-of-Way Acquisition

* Derived from "Agreement for Engineering Services", Form FmHA 1942-19, Kentucky's Attachment I (Rev. 3-1-90) Tables I & II.

Allen County Gas Transportation, Inc.

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

ATTACHMENT II

ALLEN COUNTY GAS TRANSPORTATION, INC.

OF

BOWLING GREEN, KENTUCKY

PUBUC SERVICE COMMISSION

RATES, RULES AND REGULAIONS FOR NATURAL GAS SERVICE

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Case No. 99-260

Issued By:

Allen County Gas Transportation, Inc. of Bowling Green, Kentucky

**Robert E. Mitchell, Vice President, Treasurer
5966 Scottsville Road, Suite #7
Bowling Green, KY 42104
(270) 393-8300**

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No.1

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

SECTION I - RATES AND CHARGES

RATES:

The rate for all consumption shall be:

RATE:
Residential \$9.00 per Mcf Commercial \$8.00 per Mcf

Monthly Service Charge - In addition to the charges determined from the above rates, each residential Customer, and space heating Customers of up to 4,000 square feet, must pay a monthly service charge of \$8.00 per each billing month. Each commercial Customer must pay a monthly service charge of \$35.00 per month and all other Customers must pay \$75.00 per month.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer - Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No.2

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

Special Charges: The following charges shall be applied under the following conditions:

A. **Collection Charge:** A charge of \$25.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service for an unpaid bill. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected.

B. **Reconnection Charge:** A reconnection charge of \$25.00 to be made by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when:

- (1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected Customers qualifying for service reconnection under 807 KAR 5:006, Section 15- Winter Hardship - shall be exempt from reconnect charges.
- (2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.
- (3) **Tie-in Charge:** If a tie-in is required to restore service to the Same Customer who had his/her service line cut and plugged as a result of repeated detection of unauthorized use of service, a charge of actual cost, or the company's best estimate of actual cost shall be assessed. Unauthorized use of service includes:
 - (a) Detection of turning on meter after non-pay turn off by Company, and;
 - (b) Detection of turning on meter and curb valve after non-pay turn-off by
 - (c) Detection of by-passing meter inlet and outlet connections after removal Company and;
 - (d) Other modifications by Customer of the meter intended to produce a metering of less volume of gas than actually used by the Customer.

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No.3

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

Special Charges Con't.

C. Dishonored Check Charge: The Company may charge and collect a fee of \$15.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the company is returned as unpaid by the customer's financial institution.

D. Delayed Payment Charges: A delayed payment charge of five percent (5%) will be added to the amount of the monthly bill each month if not paid within fourteen (14) days after the date of mailing of the bill to Customer. The late payment charge is not applied to a prior month's late payment charge.

E. Remote Index Installation Charge: If a Customer requests that a remote index be installed at his/her premises, a charge of fifty dollars \$50.00 shall be assessed

F. Residential Termination Procedure for Non-Payment: The company shall follow the termination procedure established by Public Service Commission of Kentucky.

Customer Classifications:

Applicability: Applicable for the distribution and sale of gas service from existing distribution lines of Company having sufficient capacity therefore, to Customers at one location who will guarantee payment of the minimum monthly charge for term of Agreement for Gas Service or twelve consecutive months, whichever is less. Company shall have the right to curtail deliveries of gas hereunder whenever and to the extent necessary in its sole judgment the protection of to its higher priority Customers, if any, may require. Company shall not be required to furnish gas service hereunder to any Customer or applicant except by written Agreement for Gas Service between Company and Customer.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued by: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No.4

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

Gas Sales:

1. Residential: Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.
2. Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation.
3. Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

Gas Transportation:

1. Transportation Service: Service to industrial customers upon execution of a special contract specifying terms, conditions of service and rates.
2. Customer Inquiries: Customer may contact the Business Office at (270) 393-8300 during regular business hours Mon.-Fri. 9:00 a.m. to 4: p.m.) for inquiries regarding service or billing.
3. Company's Right to Defer Service: Where Company's existing, facilities are adequate to serve a Customer for new or additional commercial or industrial load, Company specifically reserves the right to defer service until such time as its facilities can be made adequate.

Issued: July 23, 1999 ♦ Effective: July 23, 1999


Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. **99-260**

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No.5

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

SECTION II - SERVICE

1. Availability: Service is available in all territories where the Company's distribution facilities are located, to customers who contract for gas service under the terms and conditions stated herein, and subject to the Rules and Regulations filed by the Company and revised from time to time with the Public Service Commission of Kentucky, and any subsequent revision thereof, and to the lawful orders of regulatory authorities having jurisdiction.
2. Application for Service: Applications for service shall be made through any local office of Company. The application is not complete until the applicant has fulfilled all applicable tariff eligibility requirements and compiled with these rules. A separate application or contract shall be made for each separate location.
3. Turning on Gas: The Customer, after making proper application for service, shall notify the Company when he desires service to be established. In no case shall the Customer or his agent or employee turn on the gas at the curb or meter cock.
4. Assignment of Contract: The benefits and obligations of any service application or contract shall begin when Company commences to supply gas service. It shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as the case may be, of the original parties thereto, respectively, for the full term thereof. However, no application, agreement or contract for service may be assigned or transferred without the written consent or approval of Company.

When the gas supply has been disconnected for non-payment of bills or other violation of Company's Rules and Regulations, the service will not be restored at the same location or connected at another location, for the same or related occupants under a different contract or name when it appears to the Company that the change of name is a subterfuge designed to defraud or penalize Company.

Issued: July 23, 1999 ♦ Effective: July 23, 1999


Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 6

**RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS**

5. Continuity of Service: The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its suppliers of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, freezing of wells or lines of pipe, failure of wells and equipment vandalism, strikes, inability to obtain materials, contractors, supplies, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

Without incurring any liability therefore, the Company may also suspend service after reasonable notice, for such period as may be reasonably necessary to make repairs to or changes in its plant, transmission or distribution Systems or other property.

6. Character of Service: The Company's supply of natural gas is received from interstate pipeline supplier.

7. Service Not to be Disturbed: No Customer shall attach or use any appliance which may result in the injection of air, water or other foreign matter into the Company's lines; and without prior approval from the Company, no Customer shall attach or use any appliance which will increase or decrease the pressure in the Company's lines intermittently to such extent as to interfere with continuous service to other customers.

Issued: July 23, 1999 ♦ Effective: July 23, 1999


Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

P.S.C.KY No. 1
Original Sheet No. 7

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

8. Exclusive Service Except: In cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, wither by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

9. Access to Premises: The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated.

10. Customer's Liabilities: The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

11. Right-of-Way and Lines: The Company shall acquire any and all rights-of-way and easements necessary to cross property between Company's line and the location where gas is to be consumed. When the right-of-way is necessary to install lines or other facilities or equipment on the Company's side of the delivery point, the right-of-way shall be conveyed or otherwise assigned to Company's side of the delivery point, the right-of-way shall be conveyed or otherwise assigned to Company and shall, thereby, become the property of the Company. The Company shall also acquire the right of ingress and egress for any property in or over which any lines, facilities or equipment may be installed to accommodate delivery of gas to Customer. The Customer shall be responsible for the expense and installation of all lines (as well as any other facility or equipment) between the point of delivery and the Customer's premises.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 8

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

12. Charges and Payment for Temporary Service: In addition to regular payments for gas used, the Customer shall pay all reasonable cost for all materials, labor, and other necessary expense incurred by the Company in supplying gas service to the Customer at his request for any temporary purpose or use.

13. Customer Indebted to Company: Service will not be supplied to any premises if at the time of application for service the applicant is indebted to Company for any service previously supplied at the same or other premises, until payment of such indebtedness or other arrangement satisfactory to the Company shall have been made.

14. Deposits: The Company may require a minimum cash deposit or other guaranty to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis. If interest is not paid to the customer or credited to the customer's bill annually, interest will be computed by a method which will result in an amount no less than that obtained by using a middle course method between simple and compound interest in compliance with the Commission Regulations. Interest on deposits computed in this manner will accrue until paid to the customer or credited to the customer's bill.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit, if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

P.S.C.KY NO. 1
Original Sheet No.9

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

#14 Deposits Con't.

- (1) Previous payment history with the Company: If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit
- (2) Length of time the customer has resided or been located in the area.
- (3) Whether the customer owns the property where service is to be rendered.
- (4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the deposit on account differs from the recalculated amount by more than \$10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential customers will pay deposits based on estimated average monthly consumption and credit history however, no deposit shall not exceed the amount of \$200.00

Commercial and Industrial customer's deposits should be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period, if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2 times the customer's actual or estimated monthly bills.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued by: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 10

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

15. Right to Shut Off Gas: After notice pursuant to 807 KAR 5:006(14), the company shall have the right to discontinue service and the right to disconnect and remove from the premises of any consumer the meter and any other property belonging to the Company for any of the following reasons or purposes in accord with 807 KAR 5:006(14):

- (1) Refusing reasonable access.
- (2) Non-payment of bills for gas services.
- (3) Failure to furnish or maintain required deposit for the account
- (4) Dangerous condition
- (5) Theft of service or fraudulent representation or practice.
- (6) Whenever deemed necessary by the Company for safety reasons.
- (7) Violation of any PSC Rules and Regulations, any Service Agreement, or the General Terms and Conditions applicable to any such Agreement or these Tariffs.
- (8) Customer Request.

16. Change of Address of Customer: When customer changes his address he should give oral notice, followed within three (3) days by written notice, thereof to Company prior to the date of change. Customer is responsible for all service supplied to the vacated premises until such notice has been received and the Company has had a reasonable trifle, but not less than tree (3) days, to discontinue service.

17. Quantity of Gas Delivered by Meter: Gas will be measured by a meter which shall remain the property of the Company. This meter will be installed by the Company, at Company's expense. Subject to certain exceptions, enumerated below, consumption shall be determined on the basis of the meter registration and bills shall reflect the consumption so registered. Any mistake in reading the registration, however, shall not affect the liability for gas consumed as determined by a corrected reading of the registration.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

18. Gas Measurement: The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company and ail bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises. each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install duel metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

19. Measurement Base: The company, in accordance with 807 KAR 5:022, Section 8, utilizes an appropriate measurement base in all service areas. The rates of the company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to a sixty (69) degrees Fahrenheit basis in the cases of large volume industrial customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

Issued: July 23,1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

20. Character of Service: In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand (1,000) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the company reserves the right, at its discretion, to supply and interchangeable mixture of vaporized liquified petroleum gas and air or a combination of same with natural gas.

21. Estimated Bill: When the meter is not read, the Company may estimate the quantity of gas consumed and render a bill for such quantity.

22. Correct Meter: A meter registering between two percent (2%) fast and two percent (2%) slow shall be deemed for all purposes to be registering correctly. A meter registering incorrectly shall be replaced by the Company at its expense.

23. Incorrect Meter Readings: If test results on Customer's meter show an average error greater than two percent (2%) fast or slow, or if a Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by Customer, company shall immediately determine the period during which the error has existed, and shall recompute and adjust the Customer's bill to either provide a refund to customer or collect an additional amount of revenue from the under billed Customer. Company shall readjust the account based upon the period during which the error is known to have existed or according 807 KAR 5:006(10)(2).

24. Meter Testing: Company shall make a test of any meter upon written request of Customer provided such request is not made more frequently than once each twelve months. Customer shall advance an amount based on meter capacity as follows: 500 cu. ft. per hour and under @ \$20.00, over 500 cu. ft. per hour @ \$30.00, and 1,500 cu. ft. per hour @ \$50.00. If such tests show the meter to be more than 2% fast or slow, the amount advanced shall be refunded to the customer and adjustments made pursuant to Incorrect Meter Readings section herein. If the meter is found not to be more than 2% fast or slow, the amount advanced by Customer shall be retained by Company.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 13

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

25. Billing Periods and Meter Readings: Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such readings to be taken as near as practicable every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 14 (2) (c) and (3). Failure to receive a bill does not exempt customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary. The Company's billing form includes dates served; number of days in period; previous and present meter reading; Mcf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special charges; total amount due; account number; billing date; cash receipt cutoff date; past due date; and service address.

Issued: July 23, 1999 ♦ Effective: July 23, 1999

R. M.

Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. **99-260**

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 14

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

26. Payment of Bills: Bills shall be paid by the Customer at any office of the Company during its regular office hours or to any one of the Company's authorized collecting agents during the regular office hours of such agent. A list of authorized agents, if any, will be made available to Customers upon the request or inquiry of any customer or applicant for service. Any remittance received by the Company by first class mail bearing U.S. Postal Office cancellation date corresponding with or previous to the last date of the net payment period will be accepted by the Company as within the net payment period.

27. Monitoring of Usage: The Company shall periodically as required by PSC Regulations monitor each customer's usage for unusual or irregular consumption. If monitoring determines a change in usage otherwise unexplained, it will notify the customer in writing of the change and attempt to determine the cause of the usage.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 15

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

SECTION III - PHYSICAL PROPERTY

28. Service Lines: The general term "service line" is commonly used to designate the complete line or connection between the Company's line and the Customer's location, up to and including the meter connection at Customer's location. It consists of two distinct parts, (a) the service line connection, and (b) the Customer service line.

(a) Service Line Connection

This service line connection consists of the connection at the main, necessary pipe and appurtenances to extend to the property line or the curb cock location, curb cock and curb box. This connection shall be made by the Company or its representative without cost to the Customer and it remains the property of the Company.

(b) Customer Service Line.

The Customer service line consists of the pipe from the outlet of the curb cock to and including the meter connection. The Customer's service line shall be installed at the Customer's expense, and any part of it not contained within the Customer's property at the location where service is to be furnished shall be conveyed to the Company and remain the property of the Company in accordance with Rule 10. The Company shall have the right to prescribe the specifications, size, location and termination points of the Customer's service line. The Customer shall remain liable for maintenance of/for imperfections in or for damage, injury or loss resulting, directly or indirectly, from the escape of gas from that part of the Customer service line contained within the Customer's property. The Company shall have no obligation to install, maintain or repair said Customer service line. The Company shall not provide or pay, directly or indirectly, the cost of Customer service lines when competing with another regulated natural gas company, unless such company offers to provide or pay for Customer service lines, directly or indirectly, or unless such assistance is essential to induce a prospective Customer to utilize natural gas rather than an alternate source of energy.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 16

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

29. Pressure Regulators: Where service is provided from low pressure lines, the company shall furnish the necessary pressure regulator or regulators, which regulator or regulators shall remain the property of the Company.

Where service is provided from medium or high pressure lines, the Company shall at its expense provide and install a suitable regulator or regulators for reducing the pressure. The regulator or regulators shall be installed in the manner required by the Company, and they shall become the property of the Company.

The Company shall install and maintain, at its expense, substantial housing in size and design for the regulator or regulators and the meter in order to protect them from the weather and molestation. If it becomes necessary to construct, operate and maintain a heater on the inlet side of the meter or high pressure regulator to maintain satisfactory operation of the regulator or regulators, the gas used in such heater shall be at the expense of the Customer and shall be taken from the outlet side of meter serving the Customer.

30. Meters and Positive Shut off Drip: The Company shall furnish and install one meter and positive shut off drip if deemed necessary by Company of such size and type as the Company may determine will adequately serve the Customer's requirements, and such meter shall be and remain the property of the Company, and the Company shall have the right to replace it as the Company may deem it necessary. As indicated by Rule 11 above, Customer shall provide sufficient access to property to permit Company to install, maintain, repair or inspect the meter (as well as all other facilities or equipment) employed for Customer's service.

31. Daily Measurement at Customers Facilities: In order to administer the provisions of any contract or special service arrangement, the Company may install and charge Customer for any additional gas measurement equipment Company deems necessary to record daily volumes consumed at Customer's facility. If Company determines that installation of such equipment is necessary, Customer's payment for and Company's installation of the equipment shall be a requirement for initiation and/or continuation of the service pursuant to this rate schedule.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 17

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

#31. Daily Measurement at Customers Facilities Con't.

In addition, Customer shall provide the necessary dedicated telephone service for the measuring system, shall pay all telephone company charges associated with such service including long distance charges, and shall be responsible for providing Company access to that telephone line on a continuous basis throughout the term of the service agreement. The Company may terminate service hereunder if Customer fails to provide the necessary dedicated telephone service on a continuing basis.

32. Meter Location: The Company shall determine the location of the meter, which shall ordinarily be outside of any enclosed building and shall be accessible to the Company without the necessity of Customer presence or approval. When changes in a building or arrangements therein render the meter either inaccessible or exposed to hazards, the Company may require the Customer, at the Customer's expenses to relocate the meter together with any portion of the Customer's service line necessary to accomplish such relocation.

33. Only Company Can Connect Meter: The owner or Customer shall not permit anyone who is not authorized agent of the Company to reconnect or disconnect the Company's meters, regulators or gauges or in any way alter or interfere with the Company's meters, regulators or gauges.

34. Customer Piping: The Customer shall install, own, repair and maintain, at the Customer's expense, the Customer piping from the outlet of the meter to gas burning equipment. The Company shall have no obligation to install, maintain or repair said piping. The Company shall not provide or pay, directly or indirectly, for house piping when competing with another regulated natural gas company, unless such company offers to provide or pay for house piping, directly or indirectly, or unless such assistance is essential to induce a prospective Customer to utilize natural gas rather than an alternate source of energy.

35. Appliances: The Customer shall install and maintain all gas-burning equipment at the Customer's expense. The Company shall have no obligation to install, maintain, or repair appliances.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 18

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

36. Standards for Customer's Property: The Customer's service line, Customer piping, fittings, valves, connections, equipment venting and all associated equipment shall be installed with materials and workmanship which meet the reasonable requirements of the Company and shall be subject to inspection or test by the Company. The Company shall have no obligation to establish service until after such inspection and test demonstrates compliance with such requirements of the Company with respect to the facilities in place at the time of the test

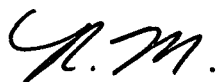
The first inspection or test at any premises, including both service lines and Customer piping, shall be without charge. In the case of leak, error, patent defect or other unsatisfactory condition resulting in the disapproval of the line or piping by the Company, the necessary correction shall be made at the Customer's expense; and then the lines and piping will be inspected and tested again by the Company.

37. Discontinuance of Supply on Notice of Defect in Customer's Property: If the Customer's service line, Customer piping, pressure regulators, fittings, valves, connections, equipment, venting and any other associated equipment on a Customer's premises are defective or in such condition as to constitute a hazard, the Company, upon notice to it of such defect or condition and reasonable notice to the Customer, may discontinue the supply of gas to such Customer until such defect or condition has been rectified by the Customer in compliance with the reasonable requirements of the Company.

38. No Responsibility for Materials or Workmanship: The Company is not responsible for maintenance of, or any imperfect material or defective or faulty workmanship in, the Customer's service line, Customer piping, pressure regulators, fittings, valves, connections, equipment, venting and any other associated equipment and is not responsible for any loss or damage arising from inadequate or improper maintenance or from imperfect material or defective or faulty workmanship.

39. Inspection of Altered Piping: It shall be the duty of the Customer to notify the Company promptly of any additions, changes, alterations, remodeling or reconstruction affecting gas piping on the Customer's premises.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 19

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

40. Stand-By Space Heating Service: The Company will not assume an obligation to furnish gas to a prospective or transportation Customer or to continue to furnish gas to a present Customer for the rate applicable to his service, after having been notified by the company to do so, the Company upon the giving of notice of at least three days shall shut off all service to the premises occupied by such Customer.

41. Availability: Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Allen County Gas Transportation, Inc. and who request Allen County Gas Transportation, Inc. to be available to supply natural gas at that place of utilization; or

(2) request Allen County Gas transportation, Inc. to provide a standby energy source at their place of utilization.

Special Terms and Conditions. Service under this rate schedule shall be performed under a written contract between Company and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Company, points of delivery, methods of metering and other matters relating to individual customer circumstances.

Issued: July 23, 1999 ♦ Effective: July 23, 1999


Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 20

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

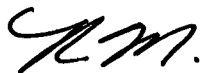
42. Extension of Distribution Main: The Company will extend its distribution mains without cost up to but not more than a distance of one hundred (100) feet for each prospective Customer who shall apply for and contract to use service for one (1) year or more and provides guarantee for such service.

Where a distribution main extension of more than one hundred (100) feet is requested for residential or domestic purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study. The line extension agreement deposit will be refunded at the average cost of one hundred (100) feet for each bona fide Customer connected to the distribution main extension who will utilize gas for base load purposes and as the major source of energy. The classification of Customer shall be determined by Company at the time Customer is connected to the distribution main extension. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement

Where a distribution main extension of more than one hundred (100) feet is requested for commercial or industrial purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study.

In no case shall the total of refunds exceed the amount deposited for the extension. Deposits will not draw interest. All extensions shall be the property of the Company. Where a main extension is deemed economically justified at the Company's expense based upon a cost-benefit study, no deposit shall be required.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 21

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

43. These Rules and Regulations are subject to and include as part thereof all orders, rules and regulations applicable to the Company from time to time issued or established by the Public Service Commission of Kentucky under its power.

44. The Company reserves the right to modify, alter or amend the foregoing Rules and Regulations and to make such further and other rules and regulations as experience may suggest and as the Company may deem necessary or convenient in the conduct of its business, and as the Public Service Commission of Kentucky may approve.

Issued: July 23, 1999 ♦ Effective: July 23, 1999



Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. **99-260**

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 22

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

SECTION IV - GAS COST RECOVERY

Determination of GCR: The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

Definitions: For purposes of this tariff:

(a) "Average Expected Cost" means the cost of gas supplies, including associated transportation and storage charges, and propane which results from the application of supplier's rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report

(b) "Calendar Quarters" means each of the four three month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(c) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

Gas Cost Recovery Charges: The Gas Cost Recovery component shall be \$2.70 per Mcf

Issued: July 23, 1999 ♦ Effective: July 23, 1999

Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. 99-260

ALLEN COUNTY GAS TRANSPORTATION, INC.

Original Sheet No. 23

RULES AND REGULATIONS GOVERNING
THE DISTRIBUTION AND SALE OF GAS

Local Franchise Fee or Tax: There shall be added to the Customer's bill, as a separate item, an amount equal to the: proportionate part of any license, occupation, franchise, or their similar fee and Sales tax now or hereafter imposed upon Company by state and local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax: is based upon a percentage of the gross receipts, net receipts, or revenues of Company. Such amount shall be added exclusively to bills of Customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the fees or taxes applicable to each Customer shall be added to the Customer's bill as a separately identified item.

Issued: July 23, 1999 ♦ Effective: July 23, 1999


Issued By: Robert E. Mitchell, Vice President, Treasurer: Case No. **99-260**

ADOPTION NOTICE

The undersigned ALLEN COUNTY GAS TRANSPORTATION, INC. of BOWLING GREEN, Kentucky hereby adopts, ratifies and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas service at the counties of Allen, and Warren in the Commonwealth of Kentucky, and in effect on the 23rd day of July, 1999, the date on which the public service business of the said Allen County Gas Trans., Inc.

This notice is issued on the 23rd day of July 1999, in conformity with 807 KAR 5:011 section 11 of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

ALLEN COUNTY GAS TRANSPORTATION, INC.

BY: _____

R. Mitchell

Robert E. Mitchell, Vice President, Treasurer
Allen County Gas Transportation, Inc.

Allen County Gas Transportation, Inc.

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

ATTACHMENT III

Allen County Gas Transportation, Inc.
Financial Performa (2000)

Year:	2000												
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES													
NAT--RESIDENTIAL	855	1539	8208	6840	6156	6926	8208	9491	11543	22658	46170	94050	222642
NAT--COMMERCIAL	3200	2880	2688	1120	864	864	1056	1152	1248	2240	4480	9600	31392
NAT--TRANSPORT	1425000	1282500	855000	356250	213750	213750	213750	213750	213750	356250	712500	1425000	7481250
TOTAL GAS SALES	1429055	1286919	865896	364210	220770	221540	223014	224393	226541	381148	763150	1528650	7735284
OTHER SALES:													
SERVICE CHARGES	255	290	840	1400	2020	2230	2640	3020	3610	4200	4270	4370	29145
CONNECT CHARGES	0	125	1800	2000	2050	750	1300	1275	2025	2025	250	275	13875
FIBER OPTICS	5000	5000	5000	5000	5000	5000	10000	10000	10000	10000	10000	10000	90000
MISCELLANEOUS	0	50	720	800	820	300	520	510	810	810	100	110	5550
TOTAL SALES	1434310	1292384	874256	373410	230860	229820	237474	239198	242986	398183	777770	1543405	7873854
COST OF SALES	1351337	1216434	813370	339930	204638	204869	205319	205736	206384	345053	690363	1381455	7164887
GROSS PROFIT	82974	75950	60886	33480	26022	24950	32155	33462	36602	53129	87407	161950	708967
O & M EXPENSES													
PAYROLL	14500	14500	14500	14500	14500	14500	14500	14500	14500	14500	14500	14500	174000
PAYROIRELATED	2175	2175	2175	2175	2175	2175	2175	2175	2175	2175	2175	2175	26100
OFFICE LEASE	675	675	675	675	675	675	675	675	675	675	675	675	8100
OFFICE EXPENSE	500	500	500	500	500	500	500	500	500	500	500	500	6000
ADVERTISING	300	300	300	300	300	300	300	300	300	300	300	300	3600
EQUIPMENT RENTAL	200	200	200	200	200	200	200	200	200	200	200	200	2400
UTILITIES	150	150	150	150	150	150	150	150	150	150	150	150	1800
TELEPHONE EXPENSE	300	300	300	300	300	300	300	300	300	300	300	300	3600
LICENSES	50	50	50	50	50	50	50	50	50	50	50	50	600
REPAIRS	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000
INSURANCE	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000
PROFESSIONAL SERV'S	350	350	350	350	350	350	350	350	350	350	350	350	4200
MISCELLANEOUS	500	500	500	500	500	500	500	500	500	500	500	500	6000
BAD DEBTS	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION	6280	6280	6280	6280	6280	6280	6280	6280	6280	6280	6280	6280	75360
INTEREST EXPENSE	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
TOTAL O & M EXPENSE	52980	52980	52980	52980	52980	52980	52980	52980	52980	52980	52980	52980	635760
CASH INCOME	29994	22970	7906	-19500	-26958	-28030	-20825	-19518	-16378	149	34427	108970	73207
INCOME TAXES 30%	8998	6891	2372	-5850	-8088	-8409	-6247	-5856	-4914	45	10328	32691	21962
NET INCOME	20995	16079	5534	-13650	-18871	-19621	-14577	-13663	-11465	104	24099	76279	51245

Allen County Gas Transportation, Inc.
Financial Performa (2001)

Year: 2001

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES													
NAT--RESIDENTIAL	95760	87723	63612	28643	18468	18725	18981	19238	19878.8	35269	71820	145350	623466
NAT--COMMERCIAL	10240	9216	6912	2880	1920	1920	2112	2112	2304	3840	7680	16000	67136
NAT--TRANSPORT	1496250	1346625	897750	374062.5	224437.5	224437.5	224437.5	224437.5	224437.5	374062.5	748125	1496250	7855312.5
TOTAL GAS SALES	1602250	1443564	968274	405585	244826	245082	245531	245787	246620	413171	827625	1657600	8545915
OTHER SALES:													
SERVICE CHARGES	4470	4540	4950	5300	5710	5780	5910	5980	6215	6565	6670	6770	68860
CONNECT CHARGES	0	250	1300	1250	1300	250	300	250	675	1250	375	275	7475
FIBER OPTICS	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	240000
MISCELLANEOUS	0	100	520	500	520	100	120	100	270	500	150	110	2990
TOTAL SALES	1626720	1468454	995044	432635	272356	271212	271861	272117	273780	441486	854820	1684755	8865240
COST OF SALES	1449684	1305177	871916	363940	218813	218890	219032	219109	219366	366252	732888	1466505	7651573
GROSS PROFIT	177036	163277	123128	68695	53542	52322	52828	53008	54414	75235	121932	218250	1213666
O & M EXPENSES													
PAYROLL	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	18000	216000
PAYROIRELATED	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700	32400
OFFICE LEASE	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	13200
OFFICE EXPENSE	515	515	515	515	515	515	515	515	515	515	515	515	6180
ADVERTISING	309	309	309	309	309	309	309	309	309	309	309	309	3708
EQUIPMENT RENTAL	206	206	206	206	206	206	206	206	206	206	206	206	2472
UTILITIES	155	155	155	155	155	155	155	155	155	155	155	155	1854
TELEPHONE EXPENSE	309	309	309	309	309	309	309	309	309	309	309	309	3708
LICENSES	52	52	52	52	52	52	52	52	52	52	52	52	618
REPAIRS	1030	1030	1030	1030	1030	1030	1030	1030	1030	1030	1030	1030	12360
INSURANCE	1030	1030	1030	1030	1030	1030	1030	1030	1030	1030	1030	1030	12360
PROFESSIONAL SERV'S	361	361	361	361	361	361	361	361	361	361	361	361	4326
MISCELLANEOUS	515	515	515	515	515	515	515	515	515	515	515	515	6180
BAD DEBTS	8134	7342	4975	2163	1362	1356	1359	1361	1369	2207	4274	8424	44326
DEPRECIATION	7850	7850	7850	7850	7850	7850	7850	7850	7850	7850	7850	7850	94200
INTEREST EXPENSE	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
TOTAL O & M EXPENSE	67264	66473	64106	61294	60492	60487	60490	60491	60499	61338	63405	67554	753892
CASH INCOME	109772	96804	59022	7402	-6950	-8165	-7661	-7483	-6085	13897	58527	150696	459774
INCOME TAXES 30%	32932	29041	17707	2220	-2085	-2449	-2298	-2245	-1826	4169	17558	45209	137932
NET INCOME	76840	67763	41315	5181	-4865	-5715	-5363	-5238	-4260	9728	40969	105487	321842

Allen County Gas Transportation, Inc.
Financial Performa (2002)

Year: 2002

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES													
NAT--RESIDENTIAL	147060	133893	94392	41468	26163	26420	26676	26933	27574	48094	97470	196650	892791
NAT--COMMERCIAL	16640	14976	10752	4480	2880	2880	3072	3072	3264	5440	11200	22400	101056
NAT--TRANSPORT	1571062.5	1413956.3	942637.5	392765.63	235659.38	235659.38	235659.38	235659.38	235659.38	392765.63	785531.25	1571062.5	8248078.1
TOTAL GAS SALES	1734762.5	1562825.3	1047781.5	438713	264702	264959	265407	265664	266497	446299	894201.25	1790112.5	9241925
OTHER SALES:													
SERVICE CHARGES	6870	6940	7350	7700	8110	8180	8310	8380	8615	8965	9100	9170	97690
CONNECT CHARGES	0	250	1300	1250	1300	250	300	250	675	1250	400	250	7475
FIBER OPTICS	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
MISCELLANEOUS	0	100	520	500	520	100	120	100	270	500	160	100	2990
TOTAL SALES	1766632.5	1595115.3	1081951.5	473163	299632	298489	299137	299394	301057	482014	928861	1824632.5	9650080
COST OF SALES	1538109	1384760	924971	386046	232077	232154	232296	232373	232630	388358	777209	1554930	8115912
GROSS PROFIT	228523.5	210355	156980	87117	67555	66335	66842	67021	68427	93657	151653	269702.5	1534168
O & M EXPENSES													
PAYROLL	22300	22300	22300	22300	22300	22300	22300	22300	22300	22300	22300	22300	267600
PAYROI RELATED	3345	3345	3345	3345	3345	3345	3345	3345	3345	3345	3345	3345	40140
OFFICE LEASE	1133	1133	1133	1133	1133	1133	1133	1133	1133	1133	1133	1133	13596
OFFICE EXPENSE	530	530	530	530	530	530	530	530	530	530	530	530	6365
ADVERTISING	318	318	318	318	318	318	318	318	318	318	318	318	3819
EQUIPMENT RENTAL	212	212	212	212	212	212	212	212	212	212	212	212	2546
UTILITIES	159	159	159	159	159	159	159	159	159	159	159	159	1910
TELEPHONE EXPENSE	318	318	318	318	318	318	318	318	318	318	318	318	3819
LICENSES	53	53	53	53	53	53	53	53	53	53	53	53	637
REPAIRS	1061	1061	1061	1061	1061	1061	1061	1061	1061	1061	1061	1061	12731
INSURANCE	1061	1061	1061	1061	1061	1061	1061	1061	1061	1061	1061	1061	12731
PROFESSIONAL SERV'S	371	371	371	371	371	371	371	371	371	371	371	371	4456
MISCELLANEOUS	530	530	530	530	530	530	530	530	530	530	530	530	6365
BAD DEBTS	8633	7976	5410	2366	1498	1492	1496	1497	1505	2410	4644	9123	48250
DEPRECIATION	8900	8900	8900	8900	8900	8900	8900	8900	8900	8900	8900	8900	106800
INTEREST EXPENSE	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
TOTAL O & M EXPENSE	74126	73268	70703	67659	66791	66785	66789	66790	66798	67703	69937	74416	831765
CASH INCOME	154397	137087	86277	19458	764	-451	53	231	1629	25954	81716	195286	702402
INCOME TAXES 30%	46319	41126	25883	5838	229	-135	16	69	489	7786	24515	58586	210721
NET INCOME	108078	95961	60394	13621	535	-315	37	162	1140	18167	57201	136700	491682

Allen County Gas Transportation, Inc.
Financial Performa (2003)

Year: 2003

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES													
NAT--RESIDENTIAL	198360	180063	125172	54293	33858	34115	34371	34628	35269	60919	122693	247950	1161689
NAT--COMMERCIAL	23040	20736	14592	6080	3840	3840	4032	4032	4224	7040	14400	28800	134656
NAT--TRANSPORT	1649615.6	1484654.1	989769.38	412403.91	247442.34	247442.34	247442.34	247442.34	247442.34	412403.91	824807.81	1649615.6	8660482
TOTAL GAS SALES	1871015.6	1685453.1	1129533.4	472776	285140	285397	285845	286102	286935	480363	961900	1926365.6	9956827
OTHER SALES:													
SERVICE CHARGES	9270	9340	9750	10100	10510	10580	10710	10780	11015	11365	11465	11570	126455
CONNECT CHARGES	0	250	1300	1250	1300	250	300	250	675	1250	275	375	7475
FIBER OPTICS	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	30000	360000
MISCELLANEOUS	0	100	520	500	520	100	120	100	270	500	110	150	2990
TOTAL SALES	1910285.6	1725143.1	1171103.4	514626	327470	326327	326975	327232	328895	523478	1003750	1968460.6	10453747
COST OF SALES	1630077.8	1467532	980152.65	409038	245872	245949	246091	246168	246425	411350	823065	1646898.8	8598620
GROSS PROFIT	280207.88	257611	190950.73	105588	81598	80377	80884	81064	82470	112128	180686	321561.88	1855126
O & M EXPENSES													
PAYROLL	22969	22969	22969	22969	22969	22969	22969	22969	22969	22969	22969	22969	275628
PAYROIRELATED	3445	3445	3445	3445	3445	3445	3445	3445	3445	3445	3445	3445	41344
OFFICE LEASE	1167	1167	1167	1167	1167	1167	1167	1167	1167	1167	1167	1167	14004
OFFICE EXPENSE	546	546	546	546	546	546	546	546	546	546	546	546	6556
ADVERTISING	328	328	328	328	328	328	328	328	328	328	328	328	3934
EQUIPMENT RENTAL	219	219	219	219	219	219	219	219	219	219	219	219	2623
UTILITIES	164	164	164	164	164	164	164	164	164	164	164	164	1967
TELEPHONE EXPENSE	328	328	328	328	328	328	328	328	328	328	328	328	3934
LICENSES	55	55	55	55	55	55	55	55	55	55	55	55	656
REPAIRS	1093	1093	1093	1093	1093	1093	1093	1093	1093	1093	1093	1093	13113
INSURANCE	1093	1093	1093	1093	1093	1093	1093	1093	1093	1093	1093	1093	13113
PROFESSIONAL SERVS	382	382	382	382	382	382	382	382	382	382	382	382	4589
MISCELLANEOUS	546	546	546	546	546	546	546	546	546	546	546	546	6556
BAD DEBTS	9551	8626	5856	2573	1637	1632	1635	1636	1644	2617	5019	9842	52269
DEPRECIATION	9945	9945	9945	9945	9945	9945	9945	9945	9945	9945	9945	9945	119340
INTEREST EXPENSE	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
TOTAL O & M EXPENSE	76831	75905	73135	69853	68917	68911	68915	68916	68924	69897	72298	77122	859825
CASH INCOME	203377	181706	117816	35735	12681	11466	11970	12148	13546	42231	108387	244440	995501
INCOME TAXES 30%	61013	54512	35345	10721	3804	3440	3591	3644	4064	12669	32516	73332	298650
NET INCOME	142364	127194	82471	25015	8877	8026	8379	8504	9482	29561	75871	171108	696851

Allen County Gas Transportation, Inc.
Financial Performa (2004)

Year:	2004												
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
SALES & REVENUES													
NAT--RESIDENTIAL	249660	226233	155952	67118	41553	41810	42066	42323	42964	73744	148343	299250	1431014
NAT--COMMERCIAL	29440	26496	18432	7680	4800	4800	4992	4992	5184	8640	17600	35200	168256
NAT--TRANSPORT	1732096.4	1558886.8	1039257.8	433024.1	259814.46	259814.46	259814.46	259814.46	259814.46	433024.1	866048.2	1732096.4	9093506.1
TOTAL GAS SALES	2011196.4	1811615.8	1213641.8	507822	306167	306424	306872	307129	307962	515408	1031991	2066546.4	10692776
OTHER SALES:													
SERVICE CHARGES	11670	11740	12150	12500	12910	12980	13110	13180	13415	13765	13865	13970	155255
CONNECT CHARGES	0	250	1300	1250	1300	250	300	250	675	1250	275	375	7475
FIBER OPTICS	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	420000
MISCELLANEOUS	0	100	520	500	520	100	120	100	270	500	110	150	2990
TOTAL SALES	2057866.4	1858705.8	1262611.8	557072	355897	354754	355402	355659	357322	565923	1081241	2116041.4	11278496
COST OF SALES	1725767.4	1553652	1037566	432961	260226	260303	260445	260522	260779	435272	870909	1742588.4	9100991
GROSS PROFIT	332098.97	305053	225045	124111	95672	94451	94958	95137	96543	130650	210331	373452.97	2177505
O & M EXPENSES													
PAYROLL	23658	23658	23658	23658	23658	23658	23658	23658	23658	23658	23658	23658	283897
PAYROI RELATED	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	42585
OFFICE LEASE	1202	1202	1202	1202	1202	1202	1202	1202	1202	1202	1202	1202	14424
OFFICE EXPENSE	563	563	563	563	563	563	563	563	563	563	563	563	6753
ADVERTISING	338	338	338	338	338	338	338	338	338	338	338	338	4052
EQUIPMENT RENTAL	225	225	225	225	225	225	225	225	225	225	225	225	2701
UTILITIES	169	169	169	169	169	169	169	169	169	169	169	169	2026
TELEPHONE EXPENSE	338	338	338	338	338	338	338	338	338	338	338	338	4052
LICENSES	56	56	56	56	56	56	56	56	56	56	56	56	675
REPAIRS	1126	1126	1126	1126	1126	1126	1126	1126	1126	1126	1126	1126	13506
INSURANCE	1126	1126	1126	1126	1126	1126	1126	1126	1126	1126	1126	1126	13506
PROFESSIONAL SERV'S	394	394	394	394	394	394	394	394	394	394	394	394	4727
MISCELLANEOUS	563	563	563	563	563	563	563	563	563	563	563	563	6753
BAD DEBTS	10289	9294	6313	2785	1779	1774	1777	1778	1787	2830	5406	10580	56392
DEPRECIATION	10470	10470	10470	10470	10470	10470	10470	10470	10470	10470	10470	10470	125640
INTEREST EXPENSE	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	25000	300000
TOTAL O & M EXPENSE	79064	78068	75088	71560	70554	70549	70552	70553	70561	71604	74181	79355	881689
CASH INCOME	253035	226985	149958	52551	25117	23903	24406	24584	25982	59046	136150	294098	1295815
INCOME TAXES 30%	75910	68096	44987	15765	7535	7171	7322	7375	7795	17714	40845	88229	388745
NET INCOME	177124	158890	104970	36786	17582	16732	17084	17209	18187	41332	95305	205869	907071

Allen County Gas Transportation, Inc.

Projected Number Of Customers & Usage Rates

Avg. MCF's/Customer
95

Residential

January
February
March
April
May
June
July
August
September
October
November
December
Sub Total

2000		2001		2002		2003		2004	
Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF	Number of Customers	Volume MCF
5	95	560	10640	860	16340	1160	22040	1460	27740
10	171	570	9747	870	14877	1170	20007	1470	25137
80	912	620	7068	920	10488	1220	13908	1520	17328
160	760	670	3183	970	4608	1270	6033	1570	7458
240	684	720	2052	1020	2907	1320	3762	1620	4617
270	770	730	2081	1030	2936	1330	3791	1630	4646
320	912	740	2109	1040	2964	1340	3819	1640	4674
370	1055	750	2138	1050	2993	1350	3848	1650	4703
450	1283	775	2209	1075	3064	1375	3919	1675	4774
530	2518	825	3919	1125	5344	1425	6769	1725	8194
540	5130	840	7980	1140	10830	1435	13633	1735	16483
550	10450	850	16150	1150	21850	1450	27550	1750	33250
550	24738	850	69274	1150	99199	1450	129077	1750	159002

Avg. MCF's/Customer
400

Commercial

January
February
March
April
May
June
July
August
September
October
November
December
Sub Total

5	400	16	1280	26	2080	36	2880	46	3680
5	360	16	1152	26	1872	36	2592	46	3312
7	336	18	864	28	1344	38	1824	48	2304
7	140	18	864	28	560	38	760	48	960
9	108	20	240	30	360	40	480	50	600
9	108	20	240	30	360	40	480	50	600
11	132	22	264	32	384	42	504	52	624
12	144	22	264	32	384	42	504	52	624
13	156	24	288	34	408	44	528	54	648
14	280	24	480	34	680	44	880	54	1080
14	560	24	960	35	1400	45	1800	55	2200
15	1200	25	2000	35	2800	45	3600	55	4400
15	3924	25	8896	35	12632	45	16832	55	21032

2500000

Transport

January
February
March
April
May
June
July
August
September
October
November
December
Sub Total

1	500000	1	525000	1	551250	1	578813	1	607753.1
1	450000	1	472500	1	496125	1	520931	1	546977.8
1	300000	1	315000	1	330750	1	347288	1	364651.9
1	125000	1	131250	1	137813	1	144703	1	151938
1	75000	1	78750	1	82688	1	86822	1	91163
1	75000	1	78750	1	82688	1	86822	1	91163
1	75000	1	78750	1	82688	1	86822	1	91163
1	75000	1	78750	1	82688	1	86822	1	91163
1	75000	1	78750	1	82688	1	86822	1	91163
1	125000	1	131250	1	137813	1	144703	1	151938
1	250000	1	262500	1	275625	1	289406	1	303876.6
1	500000	1	525000	1	551250	1	578813	1	607753.1
1	2625000	1	2756250	1	2894063	1	3038766	1	3190704

Totals

566	2653662	876	2834420	1186	3005894	1496	3184674	1806	3370737
-----	---------	-----	---------	------	---------	------	---------	------	---------

Allen County Gas Transportation, Inc.

5 Year Financial Performa

	2000	2001	2002	2003	2004
SALES & REVENUES					
NAT--RESIDENTIAL	222642	623466	892791	1161689	1431014
NAT--COMMERCIAL	31392	67136	101056	134656	168256
NAT--TRANSPORT	7481250	7855313	8248078	8660482	9093506
TOTAL NATURAL GAS SALES	7735284	8545915	9241925	9956827	10692776
OTHER SALES:					
SERVICE CHARGES	29145	68860	97690	126455	155255
CONNECT & RE-CONNECT CHARGES	13875	7475	7475	7475	7475
FIBER OPTICS	90000	240000	300000	360000	420000
MISCELLANEOUS	5550	2990	2990	2990	2990
TOTAL SALES & REVENUES	7873854	8865240	9650080	10453747	11278496
COST OF SALES	7164887	7651573	8115912	8598620	9100991
GROSS PROFIT	708967	1213666	1534168	1855126	2177505
OPERATING EXPENSES					
PAYROLL	174000	216000	267600	275628	283897
PAYROLL RELATED	26100	32400	40140	41344	42585
OFFICE LEASE	8100	13200	13596	14004	14424
OFFICE EXPENSE	6000	6180	6365	6556	6753
ADVERTISING	3600	3708	3819	3934	4052
EQUIPMENT RENTAL	2400	2472	2546	2623	2701
UTILITIES	1800	1854	1910	1967	2026
TELEPHONE EXPENSE	3600	3708	3819	3934	4052
LICENSES	600	618	637	656	675
REPAIRS	12000	12360	12731	13113	13506
INSURANCE	12000	12360	12731	13113	13506
PROFESSIONAL SERV'S	4200	4326	4456	4589	4727
MISCELLANEOUS	6000	6180	6365	6556	6753
BAD DEBTS	0	44326	48250	52269	56392
DEPRECIATION	75360	94200	106800	119340	125640
INTEREST EXPENSE	300000	300000	300000	300000	300000
TOTAL OPERATING EXPENSES	635760	753892	831765	859625	881689
CASH INCOME FROM OPERATION	73207	459774	702402	995501	1295815
'INCOME TAXES 30%	21962	137932	210721	298650	388745
NET INCOME	51245	321842	491682	696851	907071

Allen County Gas Transportation, Inc.

5 Year Financial Performa Con't

		2000	2001	2002	2003	2004
Residential MCF's	95	24738	69274	99199	129077	159002
Commercial MCF's	400	3924	8392	12632	16832	21032
Transport MCF's		2625000	2756250	2894062.5	3038765.63	3190703.91
TOTAL MCF's		2653662	2833916	3005893.5	3184674	3370737
RESIDENTIAL RATE		9.00	9.00	9.00	9.00	9.00
COMMERCIAL RATE		8.00	8.00	8.00	8.00	8.00
TRANSPORT RATE		2.85	2.85	2.85	2.85	2.85
COST PER MCF		2.70	2.70	2.70	2.70	2.70
# OF CUSTOMERS						
RESIDENTIAL		550	850	1150	1450	1750
COMMERCIAL		15	25	35	45	55
TRANSPORT		1	1	1	1	1
TOTAL CUSTOMERS		566	876	1186	1496	1806
SERVICE CHG/RES.	\$	7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
SERVICE CHG/COMM.	\$	30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
SERVICE CHG/TRANSP	\$	70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00

page 2

Allen County Gas Transportation, Inc.

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

ATTACHMENT IV

CUMBERLAND VALLEY ENERGY
 PROPOSED TRANSMISSION SYSTEM
 AND
 LATERALS TO MINNETUCK AND TECHNICAL CENTER
 MATERIALS AND LABOR

ACCOUNT ITEM NO.	DESCRIPTION	SIZE	QUANTITY	UNIT COST			ITEM COST
				MATERIAL	LABOR	COMBINED	
1 367	Steel line pipe, API 5L, X-42, SMLS OR ERW, 0.250" wall, w" statchkate 206N" or equivalent, 12 mil. Thickness (min.)	8"	86,000 ft			\$23.50/ft	\$2,021,000
2 367	Steel line pipe, API 5L, X-42, SMLS OR ERW, 0.219" wall, w" statchkate 206N" or equivalent, 12 mil. Thickness (min.)	6"	104,000 ft			\$18.00/ft	\$1,872,000
3	Steel line pipe, API 5L, Gr-B, SMLS OR ERW, 0.188" wall, w" statchkate 206N" or equivalent, 12 mil. Thickness (min.)	4"	54,400 ft			12.00/ft	652,800
4 367	Polyethylene Pipe, SDR II	3"	46,000 ft			5.00/ft	230,000
5 367	River Crossing	6"	400 ft			100/ft	40,000
6 367	Road Bore	8" x 10"	4 ea.			3,000 ea.	12,000
7 367	Road Bore	6" x 8"	10 ea.			2,500 ea.	25,000
8 367	Road Bore	3" x 6"	6 ea.			900 ea.	5,400
9 365.2	Right of Way Acquisition		280,400 ft.			1.00/ft.	280,400
10 367	Tracer Wire		46,000 ft.			0.05/ft.	2,300
11 367	Reclamation of Right of Way		280,400 ft.			0.25/ft.	72,600
12 367	Anode, Magnesium, 17 lb., high potential at 200' spacing		1,222 ea.			110 ea.	134,420

Acct No	Description	Quantity	Unit	Value
13 367	Corrosion control test station, 5 terminal on bakelite panel, PVC body, 5 color coded wires	48	EA.	6,900
14 367	Pipeline Markers	200	ea.	3,000
15 369	Provide and install "hot tap", check valve and EGM at Texas Eastern Pipeline	1	ea.	60,000
16 369	Gas measurement and regulating station at Texas Eastern Pipeline	1	ea.	50,000
17 369	Monitor regulating station	8	ea.	60,000
18 367	Miscellaneous valves and fittings			50,000
			Construction Total	\$5,567,820
19 367			Engineering Design and Inspection Total	\$279,391
			Total	\$5,867,211

Note: The following items are not included in this Estimate

- 1 Gas heater equipment
- 2 Odorization equipment
- 3 Extraordinary rock excavation
- 4 Distribution system for municipalities

Allen County Gas Transportation, Inc.

ANSWERS TO FILING DEFICIENCIES FOR CASE No. 99-260

ATTACHMENT V

Memorandum No. 5

Confidential Private Placement Memorandum

\$200,000

200 Shares of Common Stock

Allen County Gas Transportation, Inc.

A Kentucky Corporation

**Allen County Gas Transportation, Inc.
P.O. Box 51681
Bowling Green, Kentucky 42101
502-846-4202**

Confidential Private Placement Memorandum
\$200,000
200 Shares of Common Stock
Allen County Gas Transportation, Inc.

By this Memorandum, Allen County Gas Transportation, Inc. (the "Company"), is offering for purchase 200 Shares of the Company's Common Stock ("Common Stock"), no par value. The price per share is \$1,000 or a total of \$200,000 for the entire offering of 200 Shares. The minimum purchase required is a unit of 8 Shares for \$8,000.00 purchased only in even amounts.

THESE SECURITIES ARE OFFERED AS A SPECULATION AND INVOLVE A HIGH DEGREE OF RISK. SEE "RISK AND OTHER IMPORTANT FACTORS".

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAVE ANY SUCH AGENCIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM.

THE SHARES OF COMMON STOCK OFFER HEREBY WILL BE CONSIDERED "RESTRICTED SECURITIES" FOR THE PURPOSES OF FEDERAL SECURITIES LAWS AND MUST BE HELD FOR INVESTMENT PURPOSES ONLY. SEE "RISK FACTORS".

TOTAL SHARES	PRICE TO INVESTORS	UNDERWRITING COMMISSIONS (1)	PROCEEDS TO ISSUER (2) (3)
200			
<hr/>			
PER SHARE		-0-	
TOTAL	\$200,000	-0-	\$200,000

(1) There are no Underwriting commissions

(2) Assuming all Shares offered hereby are sold

(3) If all Shares are purchased, the total price to the public will be \$200,000. Total proceeds to the Company will be \$200,000 There is no Broker's Commission.

THE OFFERING PRICE PER SHARE HAS BEEN DETERMINED ARBITRARILY AND THERE IS NO REPRESENTATION, ACTUAL OR IMPLIED, THAT A MARKET FOR THESE SHARES WILL DEVELOP, OR THAT IF A MARKET DOES DEVELOP, THAT THE SHARES WILL SELL AT A PRICE EQUAL TO OR GREATER THAN THE PRICE PAID BY THE INVESTORS IN THIS PRIVATE PLACEMENT.

The date of this Private Placement Memorandum is January 5, 1999.

FORWARD TO OFFEREES

ANY REPRODUCTION OR DISTRIBUTION OF THIS PRIVATE PLACEMENT MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF IT CONTENTS, WITHOUT THE PRIOR WRITTEN PERMISSION OF THE COMPANY, IS PROHIBITED. THIS PRIVATE PLACEMENT MEMORANDUM IS FURNISHED FOR THE SOLE PURPOSE OF THE OFFEREE TO WHOM IT IS DELIVERED BY THE COMPANY, AND FOR SOLE PURPOSE OF PROVIDING INFORMATION REGARDING THE SECURITIES PROPOSED TO BE SOLD BY THE COMPANY. NO OTHER USE OF THIS INFORMATION IS INTENDED OR AUTHORIZED.

EACH PROSPECTIVE INVESTOR SHALL BE REQUIRED TO ESTABLISH TO THE SATISFACTION OF THE COMPANY THE (1) HE OR SHE HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS. (2) THAT HE OR SHE IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF THE PROSPECTIVE INVESTMENT AND (3) THAT THE PROSPECTIVE INVESTOR IS ABLE TO BEAR THE ECONOMIC RISK OF THE INVESTMENT.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AS LEGAL, TAX OR BUSINESS ADVICE. EACH INVESTOR SHOULD CONSULT WITH HIS OR HER OWN ATTORNEY, BUSINESS ADVISOR AS TO LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THIS INVESTMENT.

Prospective investors and their representatives, if any, are urged to carefully review this Private Placement Memorandum. For the purpose of enabling such persons to verify the information contained here in, they are encouraged to contact the Company directly to personally obtain such information. Copies of all documents, contracts, financial statements and other Company records referred to herein will be available for inspection during normal business hours upon request to the Company. Purchasers of the Shares offered hereby will be required to execute a Subscription Agreement and to acknowledge therein that they or their representatives, if any, were given the opportunity to obtain such information and that they either did or so elected to waive such opportunity.

180

20

THE OFFERING

Through this Private Placement Memorandum, the Company is offering to a limited group of private investors 200 of its Common Shares at a purchase price of 1,000 per Share. The minimum Shares which can be purchased in this offering are 8 Shares requiring an investment of \$8,000.00. All subscribers to this Private Offering must agree that these securities are being purchased for investment and not with the intent to resell them.

Use of Proceeds

Office Expense:	\$6,000.00
Salaries:	\$54,000.00
Computer and Office Equipment:	\$15,000.00
Bond Consultation:	\$40,000.00
Gas Marketing Consuslting	\$20,000.00
Attorneys:	\$30,000.00
Accountants:	\$25,000.00
Engineering:	\$10,000.00
<u>TOTAL:</u>	<u>\$200,000.00</u>

Capitalization

The following table sets forth the capitalization of the Company as of January 5, 1999 and as a adjusted to give effect to the sale of the issuance of Common Stock being sold hereby:

Stockholders' Equity:

Common Stock, Authorized, 1,000 @ \$0 par value
Common Stock Issued and Outstanding: 800
Common Stock Offered Hereby: 200
Additional paid-in capital: 0
Accumulated Deficit: 0

DIVIDENDS (Dividend Policy)

The Company will retain 25% of near future earnings to insure the early and safe growth of its business. After such requisite growth, however, dividend payments will be distributed pursuant to corresponding Shares held by the investors. Dividends will be distributed from a pool of earnings representing 75% of the total net earnings of the Company during the first 5 years. Subsequently 100% of the earnings will be distributed net of reasonable salaries of officers and audited expenses of the business. There is no guarantee however that satisfactory growth will take place, affording the payment of dividends in the short or long term (See Risk Factors).

Background

In early 1994 the Company entered into a contract to furnish natural gas to an asphalt plant in Allen County, KY. In the general course of the development work associated with the contract the principles realized there was opportunity for a gas pipeline to service a substantial natural gas customer base along the new highway 231 soon to be constructed. Subsequently the Company sought assistance from Allen County to create a tax favorable bond issue to finance the project. Requisite to such financing, was a feasibility study on the targeted area. The Company hired an independent consultant to prepare such an analysis and survey.

The survey concluded that approximately 35% of 2000 (circa 1994) residences in the area of the proposed pipeline corridor would become pipeline customers. Combining adjacent Warren County residences the potential residential users would be approximately 700 total homes immediately adjacent to the line that could benefit greatly from the service of natural gas. The study also found that there is as many as 25 businesses that would benefit with the convenience of a natural gas hookup.

Other targets of opportunity mentioned in the survey included a new hospital and an upgrade of pipeline service to Scottsville to replace an aging low pressure insufficient gas line service. It is believed that the County also plans to pursue the construction of an industrial park adjacent to the proposed line. In addition, the 1994 survey concluded that several large companies showed interest in locating to the area if it were supplied by natural gas, because of its central location and the availability of quality employees.

In October of 1994 Allen County Fiscal Court approved a bond resolution supporting the project with the Company. However, a postponement in the 4 lane construction delayed the project. A Certificate of Service for the initial phase of the project has been issued by the Public Service Commission which means that only updates to the original 1994 resolution need to be made with an updated feasibility study be drawn. During the postponement it was determined that the pipe transport system could be enhanced with a parallel fiber optics system thereby hooking the area into high tech global communications. (See Use of Proceeds)

Executive Summary

Allen County Gas Transportation, Inc. was formed April 8, 1994 pursuant to Chapter 271B of the Kentucky Revised Statutes. The current Board of Directors includes the following:

Denis Toftness
215 North Seventh Street
Montevideo, Minnesota 56265

Timothy Sharp
8304 Scottsville Road
Bowling Green, Kentucky 42122

Robert Mitchell
3105 Huntmaster Dr.
Bowling Green, Kentucky 42104

The 16 mile pipeline corridor from Bowling Green through Alvalon to Scottsville is the focus and subject of this memorandum. According to State of Kentucky real estate data, the land adjacent to the proposed pipeline is one of the fastest growing residential areas in south central Kentucky. Within three quarters of a mile of the planned pipeline, along new highway 231, there are approximately 2,500 homes, 85% of which are less than 6 years old and current development. The steady growth of Bowling Green eastward and Scottsville westward have essentially connected the two jurisdictions at Alvalon, located between the two cities. Alvalon has no natural gas supply and domiciles approximately 670 of the new home construction occurring during the past two years. (Cited Above).

The construction of highway 231 from two to four lanes affords the most economical opportunity to install a pipeline. If this line can be successfully laid in concert with highway construction, normal costs associated with laying the line may be reduced by as much as 20 to 30%. Once completed, it will be poised to serve the existing residential subdivisions along the line and those new developments planned as a result of an expanded Highway 231. If these factors do occur, gas distribution along the corridor will have a substantial potential as current needs are met and expanding requirements due to the anticipated development of residential and industrial projects that could occur as a result of the expanded highway and the pipeline's very existence. There can be no guarantee that any of these events will take place, however, which could negatively effect the value of the Shares purchased hereby and the anticipated return on investment. (See Risk Factors)

Stock Distribution Following Completion of Offering

Total Shares Authorized and Outstanding

<u>NAME</u>	<u>NUMBER OF SHARES</u>
Denis Toftness President, CEO, Director	300
Tinothy Sharp Vice President, COO, Director	300
Robert Mitchell Vice President, Director	50
Direct Drilling & Sales	50
Gunnar Johnson Trust	50
Bond Consultants Rights and Warrants	50
Shares per this Private Placement Memorandum	200
<u>TOTAL SHARES AUTHORIZED AND OUTSTANDING;</u>	1,000

(* SEE DESCRIPTION OF SECURITIES, PAGE 13)

Cost of the Project

It is anticipated that the laying of the pipeline, if done in concert with the construction of Highway 231, will cost approximately \$5,000,000. It is anticipated that the cost of this construction will be financed through tax favorable industrial development bond financing, to the extent permitted by law. The Company is in the process of renewing previously issued inducements with Allen County, Kentucky to create such financing. These bonds will be Authorized by the County as an "in the public good" project, creating employment, utility infrastructure enhancements and high tech fiber optic communication access. In gaining this Authorization the Company becomes the Issuer and must duly adopt such ordinances and resolutions, as necessary, for the purpose of authorizing the issuance of tax exempt project revenue Bonds for the benefit of the Company. The Bonds will be issued pursuant to an Indenture between the Company and a trustee to be determined and sold pursuant to an Official Statement outlining, among other things, source and use of

funds, risk factors, description of the Bonds, source and payment and security of the Bonds.

The Company has hired the firm of Corporate Financial Consultants of Minneapolis, MN to write and formulate the feasibility of the project, supervise the inducement authorizations (once issued), and interface with recognized Bond Counsels, Corporate Counsel and independent accountants. In addition Corporate Financial Consultants will introduce the project to fixed income NASD Broker / Dealer Firms in Minneapolis, MN and elsewhere. (See Use of Proceeds).

By creating a bond issue, as described herein, with a favorable debt rate, the investor in this project is effectively "leveraging" his or her investment by the amount of the debt raised by the Bond Issue. The Bond actually represents funding that in all probably would have to be raised through a much larger equity financing than that proposed hereby.

There is no guarantee, however that the Bond issuance will occur and if it does occur that the Bonds will be successfully sold. And if successfully sold the obligation of the Bond debt becomes the entire responsibility of the Company and NOT the Authorizing jurisdiction, Allen County, KY. This places the debt burden on the Company which it may not be able to service if the favorable marketing and distribution factors described herein do not successfully take place.

The Purpose and "Product" of the Company

The Company has entered into an agreement (August, 1998) with Tenneco (Tenneco) National Gas Pipeline, a nationwide seller and distributor of natural gas. Through the issuance of tax exempt project revenue bonds (Bonds) the Company intends to finance a hookup into a Tenneco distribution line that is convenient to Highway 231 in Allen County. The Company then plans to lay a distribution network of lateral lines to serve customers along the Highway 231 corridor. From a tap convenient to Hwy 231 the Company intends to purchase gas from Tenneco for an estimated \$3.00 per thousand cubic feet (MCF) of gas. The Company's subsequent intentions are to distribute and sell this gas to a residential and industrial customer base along Highway 231 through a main 6" trunk line and a lateral pipeline system funded by the Bond issue. PLEASE NOTE, since part of the proceeds of this memorandum are to fund a complete Feasibility Study for bonding purposes, complete and verified projections are not available at this time. For validity purposes, similar adjacent areas to Allen County are being charged at a rate for industrial users at \$8.56 per MCF and low volume residential users are charged \$9.56 per MCF.

The Allen County pipeline once constructed, will consist of a 6" steel main trunk line running a corresponding route to Hwy 231 for approximately 16 miles with approximately 20 miles of smaller diameter lateral lines forking off from the main

line to service the intended customer base. Lateral lines will be networked into the various subdivisions and industrial parks. From that point the customer desiring gas must pay to hook to the lateral serving line through a 1" pipe to the customer's meter. The cost to the customer for this local hookup will be prorated on the gas bill over a 6 month period. The cost of the main trunk line and the lateral lines will be funded in the Revenue Bond, when and if issued. (See Risk Factors)

Marketing & Sales

It is believed, based on the national average of customer sign-ups for start up gas provider companies, that the Company appears to have the potential of becoming a profitable business, as a buyer, transporter and seller of natural gas early-on in its development. (There is no guarantee that the following data and assumption selected to support this belief are accurate, or the subsequent projected sales and marketing results stated below will ever take place). (See Risk Factors).

There is an estimated gas purchasing base of 2,500 residential customers along the Hwy. 231 corridor. According to national averages for natural gas jurisdictions in the same latitude, as north central Kentucky, newly organized and funded natural gas sellers have averaged signing and hooking-up 35% of their residential customers base, over an initial two year period. If this statistic holds true in the Company's marketing efforts, the Company will sign 875 residential natural gas patrons the first two years of the Company's operations.

The Company feels, conservatively, that it will be able to sign 25 commercial operators during the same two year period. All this is logistically possible since multiple installations can occur at the same time anywhere along the lateral system. By this Memorandum the Company will have sufficient capital to begin solicitations immediately and as the lateral lines are laid, hookups can begin whether or not gas is pressured into the lines.

Marketing Assumptions

Assuming a gas customer in a 2,500 square ft. house (typical of the homes in the area along Hwy. 231) spends on the average \$1,434.00 per year for gas or 150MCF @ \$9.56; total revenues from 875 residential users would be approximately \$1,255,000.00. The 25 industrial users can be expected to use approximately 2000MCF @ \$8.56. Operating income from the 25 commercial operators would be an estimated \$1,700,000.00. Combined residential and commercial revenues could reach \$2,955,000.00. If these averages can be attained, net the cost of gas (\$3.00 per MCF), overhead and debt service the Company theoretically would realize earnings of approximately \$1,230,000; in full compliance with the state regulatory agency.

Public Service Regulation

The rates for natural gas service are regulated by the State of Kentucky Public Service Commission. In all cases the rates are determined by underlying costs and certain expenditures of the gas providers, monitored by the Commission on a regular basis. Although the profit potential in an exclusive public utility environment could be substantial, there are caps and rates established by the Commission, as in any public utility, to avoid monopolistic price gouging practices. (See Risk Factors).

Competitive Factors

The Company, through the Bond Authority and the State Regulatory Commission, will effectively be granted an implicit territorial right of way. This designation will be essentially determined by a main 6" line running along the 16 miles of Hwy. 231 and the lateral extensions branching from that line into prescribed residential and commercial subdivisions. Once the Company has been granted the right of way and following the actual laying of the infrastructure, it is highly unlikely that a competing operation would be allowed to lay down a juxtaposed pipeline system on top of the Company's established network. Such an event would be logistically cumbersome, perhaps illegal and probably not economically feasible.

There are competitive energy products available to the proposed patrons of the Company. These would be propane, electricity and wood. According to Company research of Federal Registry Information, national averages for heating costs per hour favor natural gas by a wide margin. Operating at 33,000 BTUs per hour the cost of propane is \$.35 per hour, electricity \$.80 per hour and wood with 25,000 BTU costs \$.66 per hour. Fuel oil usage in the Bowling Green area, according to local information is very small if non existent and is therefore not a competitive factor. Meanwhile, natural gas, at \$.20 per 33,000 BTUs per hour, is more convenient and more efficient than propane or wood in its applications for home heating, hot water heaters and dryers. The same can be said for the cleanness and convenience of electricity but the cost of electricity is substantially higher than natural gas for most if not all heating applications.

Risk Factors

AN INVESTMENT IN THE SHARES BEING OFFERED HEREBY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. INVESTORS COULD LOSE THEIR ENTIRE INVESTMENT. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS, ALONG WITH OTHER INFORMATION SET FORTH IN THIS MEMORANDUM, IN EVALUATING THE COMPANY AND ITS BUSINESS BEFORE PURCHASING THE SHARE OFFERED HEREBY.

1. The Company was recently organized into a buyer and seller of natural gas and has not begun operations; accordingly, it must be considered a development stage company. The Company has an immediate need for the capital which is proposed to be raised through this Private Placement Memorandum. The Company's success will depend principally upon its ability to (1) act upon a contract to purchase gas from Tenneco (Tenneco) National Gas Pipeline, (2) develop the tax favorable bonds with Allen County, KY, necessary to fund the pipeline, (3) acquire and develop a significant natural gas customer base, (4) operate a satisfactory customer billing system, and (5) deal with problems, expenses and delays frequently associated with the establishment of a new venture. In formulating this Private Placement Memorandum, the Company relied on the experience and judgment of its officers, with no recent marketing studies evaluating the demand for its natural gas. The Company believes that its estimate of the capital, personnel and facilities required for its proposed operations are reasonable, but until the Company commences operations it will not be possible to determine the accuracy of such estimates. The Company has not had any operating experience and therefore has no bases, other than its management's experience in previous gas recovery and pipeline projects (See Management).

2. Government Regulations: The rates for natural gas service are regulated by the State of Kentucky Public Service Commission. In all cases the rates are determined by underlying costs and certain expenditures of the gas providers, monitored by the Commission on a regular basis. Although the profit potential in an exclusive public utility environment could be substantial, there are caps and rates established by the Commission, as in any public utility, to avoid monopolistic price gouging practices.

3. Dependence on Key Personnel: The Company will be highly dependent upon the personal efforts and abilities of key management. Presently the Company will be entirely dependent upon the gas recovery and distribution experience of Mr. Sharp and Mr. Mitchell and the administrative experience of Mr. Toftness. When and if the Bonds are issued, the Company intends to enter into employment agreements with Mr. Sharp and Mr. Mitchell establishing certain future incentives inducements to encourage their remaining with the Company and insuring against the untimely loss (death) of either of their services to the Company and investors.

4. Absence of Dividends: The Company has not paid any dividends of its capital stock since its incorporation and does not intend to pay any cash dividends in the foreseeable future except with respect to the Shares (See Dividend Policy).

5. Control by Existing Management: Upon the completion of this offering assuming all Shares are sold, the Company's founders will own 60% of the stock issued and outstanding. Accordingly, the Company founders will control a majority of the Company's Common Stock and if they act in concert they control the election of

Directors and the appointment of officers. (See Description of Securities and Principal Stockholders and Dividend Policy herein).

6. **Dilution:** The Company may issue additional equity securities to employees and third party financing sources in amounts that are uncertain at this time. As a result, purchasers of Shares offered hereby will be subject to dilution pro rata to the Shares issued to employees and third party financial sources.

7. **Determination of Offering Price:** The offering price of the Shares has been arbitrarily determined by the Company and bears no relationship to the Company's current prospective earnings, book value, net worth or financial statement criteria. The factors considered in determining such offering price include an evaluation by management of the Company, of the business potential and earnings prospects of the Company and the relationship of these factors to comparable companies. Such factors are largely subjectively determined and have no relationship to the Shares offered hereby. Therefore the offering price does not necessarily reflect the fair market value of the Shares.

8. **No Public Market:** There is currently no public market for the Company's Common Stock and Shares, and there will be no public market for such securities following this offering. There can be no assurance that a public market will develop in the future or if it is developed that it will be sustained. Accordingly, there can be no assurance that purchasers will be able to resell such securities at the private offering price or at any price.

9. **Lack of Liquidity:** The Shares have not been registered under the 1933 Act or the securities laws of the various states in which the Shares are offered. All persons who purchase the Shares offered hereby will be required to execute a Subscription Agreement and Investment Letter, which provides, in part, that the purchaser will not sell, transfer, pledge or otherwise dispose the Shares for value.

Management

Denis A. Toftness, President and CEO. Mr. Toftness is a successful chief executive of Urethane Systems, Inc., Montevideo, MN overseeing operations in Minnesota, North and South Dakota, with 22 years of experience in urethane and associated coating applications. Mr. Toftness is president of Setco Utility which is in the process of developing operations in Kentucky. Mr. Toftness attended Mankato State University, Mankato, MN and is a decorated Vietnam Marine veteran. He is active in the Urethane Foam Contractors Association, Associated Building Contractors and is a member of the American Legion and Past Commander of the V.F.W. Post in Montevideo, MN.

Timothy Sharp, Controller and COO. From 1986 to present has served in natural gas sales, exploration, and development where he managed the installation of Cajun

Pipeline in Clinton County, Kentucky, served as project manager for Apache Oil and Gas of Houston, TX where he installed natural gas installations and hookups into Texas Eastern Gas Transmission lines. Mr. Sharp served McKenzie Methane of Houston, TX, and as Project Manager Setco Utility, and Viking Energy as manager of pipeline operations in Warren County, KY. From 1982 to 1985 Mr. Sharp was president and founder of Sharp Oil involved in drilling oil and gas in Appalachia, Louisiana and Alabama.

Robert Mitchell, Vice President. Mr. Mitchell started in the oil and gas business in 1993 as an account executive for a large oil and gas exploration firm. In 1994, He formed his own drilling company which has successfully funded and managed over seventy oil and natural gas drilling programs to date. Prior to his oil and gas activities, he was in real estate sales and property management from 1987 to 1993. Mr. Mitchell is a graduate of Western Kentucky University.

Description of Securities

The Company's common stock, no par value, is the only class of capital stock authorized under the Company's Articles of Incorporation. There were 1,000 authorized Common Shares of which 1,000 Shares will be outstanding immediately after the offering, if all Shares offered hereby are purchased. Each holder of Common Stock has one vote per share upon all matters voted upon by shareholders. Such voting rights are non-cumulative so that Shareholders holding 50% or more of the Shares of Common Stock are able to elect Directors and appoint Officers and prevail in other voting matters. (See Dividend Policy page 5) (See Risk Factors)

Each holder of these Shares of Common Stock is entitled to participate equally in dividends, as outlined in Dividend Policy herein, and as when declared by the Board of Directors out of funds legally available thereby and is entitled to participate equally in the distribution of assets in the event of a liquidation. All Shares, when issued and fully paid, are nonassessable and are not subject to redemption and have no conversion rights. (See Stock Distribution page 7, Dividend Policy page 5)

Financial Information

Messrs. Toftness and Sharp have invested personal cash and time into the development of the Company, starting as early as 1994. In planning for the line to be constructed at that time they ordered and personally paid for engineering specifications and market feasibility studies. This early work, much of it completed during a span of time from 1994 to 1996, had to be shelved due to delays in the proposed construction of Highway 231. Since the engineering and right-of-way formulations depended principally on constructing the line in concert with building Highway 231, it was not then practical to lay the line independent of the Highway construction. However, virtually all the previously developed engineering planning

has applicability to the renewed 1999 effort, described herein. The same can be said for a major portion of the 1994 Feasibility Study which has value in supporting the new marketing data that will be required to bring the feasibility of the project up to date. In effect, those investing hereby become the beneficiaries of the early-on developmental commitments of Messrs. Toftness and Sharp.

Financial Data

An unaudited financial statement of the Company's business is available for investor review separate of this Private Placement Memorandum. All future annual financial reports of the Company will be audited and made available to all Shareholders. Investors are encouraged ask questions regarding the present financial standing of the Company and to contact officers of the Company during normal business hours to learn more of the efficacy of the material and data presented herein.

**IMPORTANT: PLEASE READ CAREFULLY BEFORE SIGNING;
SIGNIFICANT REPRESENTATIONS ARE CALLED FOR HEREIN**

**SUBSCRIPTION AGREEMENT &
LETTER OF INVESTMENT INTENT**

Allen County Gas Transportation, Inc.
PO Box 51681
Bowling Green, KY 42101 (502-842-9694)

Gentlemen:

The undersigned (the "Subscriber") hereby subscribes to purchase upon terms and conditions set forth below _____ (the "Shares" of Allen County Gas Transportation, Inc. a Kentucky corporation, (the Company). A bank or cashier's check payable to Allen County Gas Transportation, Inc., in the amount of \$ _____ for such Shares at a price of \$1,000.00 per Share is delivered herewith. The subscriber agrees that this subscription is contingent upon acceptance by the Company and that this Subscription may not be withdrawn until accepted or rejected by the Company.

1. General Representations -The Subscriber acknowledges and represents as follows:

- (a) The Subscriber has received, carefully reviewed and is familiar with the Confidential Private Placement Memorandum of the Company dated January 5, 1999 and all material incorporated by reference therein or delivered therewith (the "Memorandum").
- (b) The Subscriber has been given full access to information regarding the Company (including the opportunity to meet with Company officers and review all the documents that Subscriber may have requested) and has utilized such access for the purpose of obtaining all information the Subscriber deems necessary for purposes of making an informed investment decision and to verify the Memorandum.
- (c) The Subscriber understands that the purchase of the Shares is a highly speculative investment and involves a high degree of risk, that the Company may need additional financing in the future and that the Company makes no assurances whatever concerning the present or prospective value of the Shares.
- (d) The Subscriber has obtained, to the extent he or she deems necessary personal professional advice with respect to the risks, inherent in an investment in the Shares and the suitability of such investment in light of the Subscribers personal financial condition and investment needs. Unless the Subscriber has otherwise advised the Company in writing, the Subscriber did not employ the services of a purchaser representative, as defined in the Securities and Exchange Commission's Regulation D, in connection with this investment.
- (e) The subscriber has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of a prospective investment in the shares, is experienced in making investments which involve a high degree of risk and is

sophisticated in making investment decisions and believes that he or she is able to bear the economic risk of an investment in the Shares, including the total loss of such investment.

(f) That the Subscriber realizes that (i) the purchase of the Shares is a long-term investment, (ii) the purchaser of the Shares must bear the economic risk of the investment for an indefinite period of time because the Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state laws, and, therefore, the Shares cannot be sold unless they are subsequently registered under the Act and such state laws or exemptions from such registration are available, (iii) there is no public market for the Shares and the Subscriber may not be able to liquidate his or her investment in the event of an emergency or pledge the Shares as collateral security for loans and (iv) the transferability of the Shares is restricted and (A) requires conformity with the restrictions contained in paragraph 2 below and (B) will be further restricted by a legend placed on the certificate(s) representing the shares and warrants stating that they have not been registered under the Act and applicable state laws and referencing the restrictions on transferability of the Shares.

2. No Registration Under the Securities Laws - The Subscriber has been advised that the Shares are not being registered under the Act or state securities laws pursuant to exemptions from the Act and such laws and that the Company's reliance upon such exemptions is predicted in part on the representations of the Subscriber contained herein. The Subscriber represents and warrants that the Shares are being purchased for the Subscriber's own account and for investment without the intention of reselling or redistributing the same, that no agreement has been made with others regarding the Shares and that the Subscriber's financial condition is such that it is not likely that it will be necessary to dispose of any of such Shares in the foreseeable future. The Subscriber is aware that, in view of the Securities and Exchange Commission and state authorities that administer state securities laws, a purchase of the Shares with an intent to resell by reason of any foreseeable specific contingency or anticipated change in market values or any change in the condition of the Company or its business or in connection with a contemplated liquidation or settlement of any loan obtained for the acquisition of the Shares and for which the Shares were pledged as security, would represent an intent inconsistent with the representations set forth above. The Subscriber further represents and agrees that, if contrary to the foregoing intentions, there should ever be a desire to dispose of or transfer any of such Share in any manner, the Subscriber shall not do so without first obtaining (a) an opinion of counsel suitable to the Company that such proposed disposition or transfer lawfully may be made without registration pursuant to the Act and applicable state laws or (b) such registrations (it being expressly understood that the Company shall not have any obligation to register the Shares for such purpose).

3. State of Domicile - The Subscriber represents and warrants that the Subscriber is a bona fide resident of, and is domiciled in, the state so designated on the signature page hereto and that the Shares are being purchased solely for the beneficial interest of the Subscriber and not as nominee for or on behalf of or for the beneficial interest of or with the intention to transfer to any other person, trust or organization.

4. Accredited Investor Representations - The Subscriber represents and warrants that the answers to the following questions are correct (check and complete each of the applicable categories described in (a) through (n)):

- (a) The Subscriber is an individual (as opposed to a corporation, partnership, trust or other entity) who had an individual income in excess of \$200,000 in each of the last two calendar years and who reasonably expects to have individual income in excess of \$200,000 in the current calendar year. As used herein, "income" is adjusted gross income as determined for federal income tax purposes, plus (i) any depreciation deductions under Section 611, et seq., of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) any exclusion for interest under Section 103 of the Code and (iii) any partnership losses allocated to the investor as reported on Schedule E of Form 1040 or any successor form from all sources.
- (b) The Subscriber is an individual (as opposed to a corporation, partnership, trust or other entity) who had joint income with his or her spouse in excess of \$300,000 in each of the last two calendar years and who reasonably expects to have joint income in excess of \$300,000 in the current calendar year. See the definition of "income" in category (a) above.
- (c) The Subscriber is an individual (as opposed to a corporation, partnership, trust or other entity) whose individual net worth or joint net worth with the Subscriber's spouse presently exceeds \$1,000,000. (In calculating net worth, you may include equity in your personal property and real estate, including your principal residence, based on the fair market value of such property.)
- (d) The Subscriber is a director or executive officer of the Company.
- (e) The Subscriber is a bank as defined in Section 3(a)(2) of the Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity.
- (f) The Subscriber is a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934.
- (g) The Subscriber is an insurance company as defined in Section 2(13) of the Act.
- (h) The Subscriber is an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act.
- (i) The Subscriber is a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.
- (j) The Subscriber is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self directed plan, with investment decisions made solely by persons that are accredited investors. (All such accredited investors must submit a signed statement verifying accredited investor status.)

- (k) The Subscriber is a private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.
- (l) The Subscriber is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, a corporation, a Massachusetts or similar business trust or a partnership with total assets in excess of \$5,000,000.
- (m) The Subscriber is a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D to the Act.
- (n) The Subscriber is an entity in which all of the equity owners are accredited investors under Rule 501(a) of Regulation D to the Act. (Each equity owner must submit a signed statement verifying that the equity owner is an accredited investor.)
- (o) The Subscriber does not satisfy the requirements of any category (a) through (n) listed above and is, accordingly, not an "accredited investor" but has sufficient net worth to bear the high economic risk, including a total loss of investment and illiquidity involved in an investment in the Shares.

5. Obligation to Update - The information provided by the Subscriber is correct and complete as of the date hereof. The Subscriber is informed of the significance to the Company of the foregoing representations, and they are made with the intention that the Company will rely upon them. If there should be any adverse change in such information prior to the subscription being accepted, the Subscriber will immediately provide the Company with such information.

6. Entity Representations - The Subscriber, if other than an individual, makes the following additional representations:

- (a) The Subscriber was not organized for the specific purpose of acquiring the Shares; and
- (b) This Agreement has been duly authorized by all necessary actions of the Board of Directors, shareholders, partners, trustees or other duly authorized acting body or person on the part of the Subscriber, has been duly executed by an authorized officer or representative of the Subscriber and is a legal, valid and binding obligation of the Subscriber enforceable in accordance with its terms. Documentation evidencing the undersigned's authority to purchase the securities must accompany this Agreement.

7. Miscellaneous.

- (a) The undersigned agrees not to transfer or assign this Subscription Agreement or any of the undersigned's interest herein.
- (b) The undersigned agrees that the undersigned may not cancel, terminate or revoke this Subscription Agreement or any agreement of the undersigned made hereunder and that this Subscription Agreement shall survive the death or disability of the undersigned,

and shall be binding upon the undersigned's heirs, executors, administrators, successors and assigns.

(c) Notwithstanding any of the representations, warranties, acknowledgment, or agreements made herein by the undersigned, the undersigned does not thereby or in any other manner waive any rights granted to the undersigned under federal or state laws.

(d) The Subscription Agreement and Letter of Investment Intent constitutes the entire agreement among the parties herein with respect to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties; and there are no warranties, representations or agreements among the undersigned and the Company in connection with the subject matter hereof except as set forth or referred to herein. No settlement, modification, waiver, or termination of this Agreement or any provision hereof shall be binding unless in writing executed by all parties to be bound. No waiver or any other provision of this Subscription Agreement and Letter of Investment Intent shall constitute a waiver of any other provision, nor shall waiver constitute a continuing waiver unless otherwise expressly provided.

(e) The Subscription Agreement and Letter of Investment Intent shall be deemed to be made and entered into pursuant to the laws of the State of Kentucky. In the event of any dispute hereunder, this Subscription Agreement and Letter of Investment Intent shall be governed by and be construed in accordance with the Laws of the State of Kentucky.

(f) The undersigned shall indemnify and hold harmless the Company or any of its officers, directors or control persons who was or is party or threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omissions to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of Shares which is not remedied by timely notice to the Company as provided above, against losses, liabilities and expenses for which the Company or any of its officers, directors or control persons have not otherwise been reimbursed (including attorney's fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit or proceeding.

(g) The undersigned agrees that all controversies which may arise between the undersigned and any person having an interest in the Shares and part thereof, and the Company, Managing Placement Agent, and sales Agents or any of its/their officers, directors, employees, agent, experts or affiliates, concerning the undersigned's purchase of the Shares and any representation or omission in connection with any aspect of the transaction contemplated hereby or breach of this or any other agreement pertaining to Shares shall be determined by arbitration. Any arbitration under the Subscription Agreement and Letter of Investment Intent shall be conducted pursuant to Federal Arbitration Act and the Law of the State of Kentucky before a recognized organization which provides an arbitration facility in accordance with the rules of the selected organization. The undersigned may elect in the first instance the organization before which the arbitration shall be held, but if the undersigned fails to make such election by registered letter or telegram before the expiration of ten (10) days after

receipt of a written request to make such election, then the party or parties (by majority agreement) for whom such action was brought against may make such an election. The award of the arbitrators, or the majority of them, shall be final, and judgment on the award rendered may be entered in any court having jurisdiction.

SIGNATURE PAGE

This page constitutes the Signature Page for the Subscription Agreement and Letter of Investment Intent. The undersigned represent to the Company that (a) the information contained herein is complete and accurate on the date hereof and may be relied upon by the Company, its officers, directors and controlling shareholders, and (b) the undersigned will notify the Company immediately of any change in any of such information occurring prior to the acceptance of the subscription and will promptly send the Company written confirmation of such change. The undersigned hereby certifies that she/he/it has read and understands the Memorandum and this Subscription Agreement and Letter of Investment Intent.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this
_____ day of _____, 1998.

Signature

Signature

TYPE OF OWNERSHIP:

Please check one:

- _____ Individual (one signature required)
- _____ Joint tenants with right of survivorship (both parties must sign)
- _____ Tenants in common (both parties must sign)
- _____ Community Property
- _____ Corporation **
- _____ Partnership **
- _____ Trust **
- _____ Other **

** Please execute Entity Certificate

PLEASE PRINT HERE THE EXACT REGISTRATION NAME

SUBSCRIBER (INDIVIDUAL)
(Please type or print your name and
address exactly as it should appear
on the Share and Warrant Certificate)

SUBSCRIBER (INDIVIDUAL)

Signature

Signature

Name Typed or Printed

Name Typed or Printed

Residence Address:

Residence Address:

Mailing Address:

Mailing Address:

Social Security or Tax Identification No.:

Social Security or Tax Identification No.:

PARTNERSHIP, CORPORATION OR TRUST ENTITY CERTIFICATE

1. Name of Investing Entity: _____
2. Tax identification number of Investing Entity: _____
3. Individual(s) authorized to execute documents on behalf of the Investing Entity in connection with this investment:

Note: A power of attorney is required if the partnership or corporate bylaws do not specifically authorize the above-named individual(s) to make this investment for the partnership, corporation or trust.

4. Date and State of Investing Entity's formation:

Date _____
State _____

5. A brief description of the business conducted by the Investing Entity is as follows:

6. How many individuals compose the Investing Entity? _____

If the Investing Entity is a partnership, then a separate Subscription Agreement and Letter of Investment Intent must be completed by each partner.

7. The Investing Entity was/was not (strike inapplicable language) organized for the specific purpose of acquiring the securities offered by the Company.

8. The Investing Entity has its principal place of business in the State of _____.

9. The undersigned hereby certifies that s/he is the _____ of _____, a _____ organized under the laws of the State of _____.

10. The undersigned certifies that s/he is empowered and duly authorized by the Investing Entity to execute and carry out the terms of the Subscription Agreement and Letter of Investment Intent and to purchase and hold the securities, and certifies further that the Subscription Agreement and Letter of Investment Intent has been duly and validly executed on behalf of the Investing Entity and constitutes a legal and binding obligation of the Investing Entity.

IN WITNESS WHEREOF, the undersigned has executed this Entity Certificate as of the _____ day of _____, 1997.

PRINT NAME OF ENTITY:

By: _____
Its: _____

ACCEPTANCE SIGNATURE PAGE

Allen County Gas Transportation, Inc. hereby accepts this subscription and in consideration of all the acknowledgments, warranties and representations contained herein, agrees to issue Shares.

Allen County Gas Transportation, Inc.

Dated: _____, 1999

By: _____
Timothy Sharp
Vice President, COO



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

July 15, 1999

Michael Anshultz
Allen County Gas, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY. 42104

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY. 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY. 40601

RE: Case No. 99-260

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

Sincerely,

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

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)	
TRANSPORTATION, INC. FOR)	
APPROVAL OF A CERTIFICATE OF)	CASE NO.
CONVENIENCE AND NECESSITY TO)	99-260
CONSTRUCT AND OPERATE A)	
NATURAL GAS DISTRIBUTION SYSTEM)	

O R D E R

On June 16, 1999, Allen County Gas Transportation, Inc. ("Allen County Gas") applied to the Commission for approval of a Certificate of Convenience and Necessity to construct and operate a natural gas distribution system. In its filing, Allen County Gas requested permission to deviate from the requirements of 807 KAR 5:001, Sections 11(1)(b), 11(2)(b) and 11(2)(c); 807 KAR 5:001, Section 6(2) and Sections 6(4) - 6(9); and 807 KAR 5:071, Section 3(3)(a).

Administrative Regulation 807 KAR 5:001, Section 11(1)(b), requires that if bonds or notes or other indebtedness is proposed, the application must contain a full description of all terms, interest rates, and whether the debt is to be secured and, if so, a description of how it is to be secured. Section 11(2)(b) requires the submission of all trust deeds or mortgages and Section 11(2)(c) requires detailed estimates by Uniform System of Accounts account numbers.

Administrative Regulation 807 KAR 5:001, Section 6, requires the submission of a detailed financial exhibit for the period ending not more than 90 days prior to the date of the application. Specifically, Section 6(2) requires the amount and types of stock issued and outstanding and Section 6(4) requires the date of execution of any mortgages and, among other things, the name of the mortgagor. Section 6(5) requires that the financial exhibit disclose the amount of any bonds authorized and the amount of bonds issued, and Sections 6(6) and 6(7) require disclosure of each note outstanding and a description of any other indebtedness. Section 6(8) requires disclosure of the rate and amount of dividends paid during the previous 5 fiscal years. Section 6(9) requires a detailed income statement and balance sheet.

Administrative Regulation 807 KAR 5:071, Section 3(3)(a), requires that the application include a copy of amortization schedules of present and proposed indebtedness and a full and complete explanation of any corporate or business relationships between the applicant and its parent or subsidiaries.

The information required by the above-cited regulations is critical to the Commission's complete review of Allen County Gas's application. Having reviewed the filing and being otherwise sufficiently advised, the Commission finds that Allen County Gas's request to deviate from the above-cited regulations should be denied.

IT IS THEREFORE ORDERED that:


1. Allen County Gas's request for permission to deviate from the requirements of 807 KAR 5:001, Sections 11(1)(b), 11(2)(b) and 11(2)(c); 807 KAR 5:001, Sections 6(2) and 6(4) - 6(9); and 807 KAR 5:071, Section 3(3)(a), is hereby denied.

2. Within 15 days from the date of this Order, Allen County Gas shall submit the information required by the above-cited regulations. If said information is not filed within such time, Allen County Gas's filing shall be rejected and this case dismissed without further Order of the Commission.

Done at Frankfort, Kentucky, this 15th day of July, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

July 15, 1999

Mr. Michael Anshultz
Allen County Gas, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY 42104

Re: Case No. 99-260
Filing Deficiencies

Dear Mr. Anshultz:

The Commission staff has reviewed your application in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, for the reasons set forth below. These items are either required to be filed with the application or to be referenced in the application if they are already on file in another case or will be filed at a later date.

1. Filing deficiencies pursuant to 807 KAR 5:001, Section 9(2)(e):

The manner, in detail, in which it is proposed to finance the new construction or extension.

2. Filing deficiencies pursuant to 807 KAR 5:001, Section 10: "

(1)(b)(7) Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.

(6)(a) Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.

(6)(b) & (c) If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.



(6)(d) Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.

(6)(g) Analysis of customers' bills in such detail that revenues from proposed rates can be readily determined for each customer class.

(6)(h) Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

(6)(l) Reconciliation of rate base and capital used to determine revenue requirements.

(6)(j) Current chart of accounts if more detailed than the Uniform System of Accounts.

(6) (k) Independent auditor's annual opinion report, with any written communication from auditor which indicates existence of material weakness in internal controls.

(6)(l) The most recent FERC or FCC audit reports.

(6)(m) The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).

(6)(n) Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC" average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.

(6)(o) List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.

(6)(p) Prospectuses of most recent stock or bond offerings.



(6)(q) Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.

(6)(s) SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.

(6)(t) If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:

1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment;
2. Explanation of how allocator for the test period was determined; and
3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable.

(7)(a) Detailed income statement and balance sheet reflecting impact of all proposed adjustments.

(7)(b) Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.

(7)(c)(1) Starting date of the construction of each major component of plant (no construction schedule).

(7)(c)(4) Amount contained in construction work in progress at end of test period.

(7)(d) Operating budget for each month of the period encompassing the pro forma adjustments.

(7)(e) Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details.

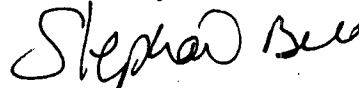


3. Filing deficiencies pursuant to 807 KAR 5:001, Section 11:

(1)(c) Statement of how proceeds are to be used. Should show amounts for each type of use (i.e., property, debt refunding, etc.)

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 six copies of this information (unless otherwise noted) within 15 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

hv

cc: Parties of Record



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

FILED

JUL 13 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

Petition of Allen County Gas)
Transportation, Inc. for Approval)
of a Certificate of Convenience) Case No. 99-260
And Necessity to Construct and)
Operate a Natural Gas Distribution)
System)

MOTION TO INTERVENE

Western Kentucky Gas Company, by counsel, moves for full intervention in this matter pursuant to 807 KAR 5:001(8).

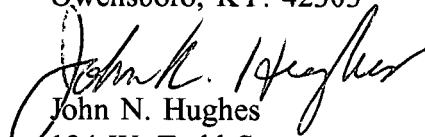
1. Western is a regulated natural gas distribution utility.
2. It operates under Commission approved tariffs providing for service to residential and commercial customers in the general vicinity of the proposed gas system of Allen Co. Gas Transportation, Inc.
3. It has gas distribution facilities in the general area of the proposed construction, which may be affected by the installation and expansion of facilities proposed by Allen County.
4. Western is also concerned that any new LDC certificated by the Commission operates under the same safety, service and ratemaking standards as Western.
5. No other party to this action can represent the interest of Western.
6. Western can assist the Commission in the development of facts and the issues because of its familiarity with the service available in the area. Its intervention will not unduly delay or

disrupt the proceedings.

For these reasons, Western requests that it be granted full intervention in this matter.

Submitted By:

Mark R. Hutchinson
SHEFFER HUTCHINSON KINNEY
115 E. Second St.
Owensboro, KY. 42303

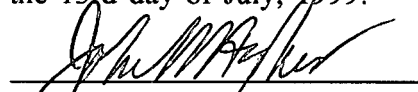


John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
(502) 227-7270

Attorneys for Western
Kentucky Gas Company

Certificate:

I certify that a copy of this motion was served on Danny Basil, 113 West Public Square, Suite 302, Glasgow, KY 42141 by first class mail the 13rd day of July, 1999.



John N. Hughes



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

July 12, 1999

Michael Anshultz
Allen County Gas, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY. 42104

Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY. 42141

Honorable John N. Hughes
Attorney for Bluegrass Gas Sales
124 W. Todd Street
Frankfort, KY. 40601

RE: Case No. 99-260

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

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/rlm
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF ALLEN COUNTY GAS)	
TRANSPORTATION, INC. FOR)	
APPROVAL OF A CERTIFICATE OF)	CASE NO.
CONVENIENCE AND NECESSITY TO)	99-260
CONSTRUCT AND OPERATE A)	
NATURAL GAS DISTRIBUTION SYSTEM)	

O R D E R

This matter arising upon the motion of Bluegrass Gas Sales, Inc. ("Bluegrass Gas"), filed July 2, 1999, for full intervention, and it appearing to the Commission that Bluegrass Gas has a special interest which is not otherwise adequately represented, and that such intervention is likely to present issues and develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that:

1. The motion of Bluegrass Gas to intervene is granted.
2. Bluegrass Gas shall be entitled to the full rights of a party and shall be served with the Commission's Orders and with filed testimony, exhibits, pleadings, correspondence, and all other documents submitted by parties after the date of this Order.
3. Should Bluegrass Gas file documents of any kind with the Commission in the course of these proceedings, it shall also serve a copy of said documents on all other parties of record.

Done at Frankfort, Kentucky, this 12th day of July, 1999.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JUL - 2 1999
PUBLIC SERVICE
COMMISSION

In the Matter of:

Petition of Allen County Gas)
Transportation, Inc. for Approval)
of a Certificate of Convenience) Case No. 99-260
And Necessity to Construct and)
Operate a Natural Gas Distribution)
System)

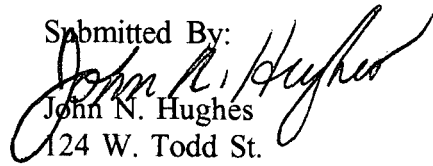
MOTION TO INTERVENE

Bluegrass Gas Sales, Inc., by counsel, moves for full intervention in this matter pursuant to 807 KAR 5:001(8).

1. Bluegrass is a regulated natural gas distribution utility.
2. It has filed with the Commission tariffs providing for service to residential and commercial customers in the general vicinity of the proposed gas system of Allen Co. Gas Transportation, Inc.
3. It has gas distribution facilities in the general area of the proposed construction.
4. Its service and facilities will be affected by the construction of additional facilities to serve this area.
5. No other party to this action can represent the interest of Bluegrass Gas.
6. Bluegrass Gas can assist the Commission in the development of facts and the issues because of its familiarity with the service available in the area. Its intervention will not unduly delay or disrupt the proceedings.

For these reasons, Bluegrass Gas requests that it be granted full intervention in this matter.

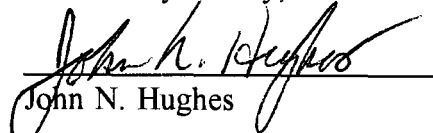
Submitted By:


John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
(502) 227-7270

Attorney for Bluegrass Gas
Sales, Inc.

Certificate:

I certify that a copy of this motion was served on Danny Basil, 113 West Public Square, Suite 302, Glasgow, KY 42141 by first class mail the 2nd day of July, 1999.



John N. Hughes



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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

June 22, 1999

Michael Anshultz
Allen County Gas, Inc.
5966 Scottsville Road
Suite 7
Bowling Green, KY. 42104


Honorable Danny J. Basil
Attorney at Law
Basil Law Firm
113 West Public Square, Suite 302
Glasgow, KY. 42141

RE: Case No. 99-260
ALLEN COUNTY GAS, INC.
(Initial Operations) (Construct, Rates, Financing)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received June 16, 1999 and has been assigned Case No. 99-260. 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
JUN 16 1999
PUBLIC
COMMISSION

Petition For
Certificate Of Public Convenience And Necessity

CASE 99-260

by

Allen County Gas Transportation, Inc.

5966 Scottsville Road

Suite 7

Bowling Green, Kentucky 42104

(270) 393-8300

Fax (270) 393-8301

allengas@premiernet.net

this 15th day of June 1999

Allen County Gas Transportation, Inc.

5966 Scottsville Road

Suite 7

Bowling Green, Kentucky 42104

(270) 393-8300

Fax (270) 393-8301

allengas@premier.net

RECEIVED
JUN 16 1999
PUBLIC SERVICE
COMMISSION

Helen Helton
Executive Director
Public Service Commission
750 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

CASE 99-260

Re: Application For Certificate Of Public Convenience And Necessity

Dear Executive Director Helton,

Please be advised that *ALLEN COUNTY GAS TRANSPORTATION, INC.*, on this 15th day of June, 1999, petitions the Commission for a certificate of public convenience and necessity to construct and finance a gas distribution system to serve approximately 1100 customers in Allen and Warren counties.

Enclosed is our application and supporting documents in compliance with Section 8(1), Section 8(2), Section 8(3), and Section 9(2) of KAR 5:001.

We thank you and the Commission for your prompt review and reply of our application.

Sincerely,
ALLEN COUNTY GAS TRANSPORTATION, INC.

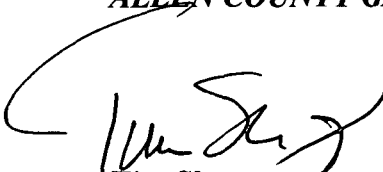

Tim Sharp
Secretary Treasure, Chief Operating Officer

TABLE OF CONTENTS

- ◆ **Petition For Certificate of Public Convenience And Necessity - Construction**
- ◆ **Articles Of Incorporation**
- ◆ **Engineering Report**
 - Source Of Natural Gas Service**
 - Quality Specifications**
 - Design Pressure**
 - Route Of Pipeline And Locations Of Appurtenances**
 - Cost Estimate Of Project**
 - 3 Maps Of Proposed Route**
- ◆ **Estimated Operating And Maintenance Cost**
- ◆ **Projected Customers And Usage**

RECEIVED
JUN 16 1999
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of :

A PETITION OF ALLEN COUNTY GAS TRANSPORTATION, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT AND OPERATE A NATURAL GAS DISTRIBUTION SYSTEM

PETITION OF ALLEN COUNTY GAS TRANSPORTATION, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT THE GAS SYSTEM, APPROVAL OF FINANCING, INITIAL RATES AND THE OPERATION OF A NATURAL GAS DISTRIBUTION SYSTEM IN ALLEN AND WARREN COUNTIES IN KENTUCKY

This petition is a request for an ORDER granting approval for a Certificate of Public Convenience and Necessity (CCN) to construct a natural gas distribution system, approval of funding and initial customer rates.

Section 8 (1) of 807 KAR 5:001, ALLEN COUNTY GAS TRANSPORTATION, INC. is a Kentucky corporation in good standing. Mailing address in Kentucky is as follows:

5966 Scottsville Road
Suite 7
Bowling Green, Kentucky 42104
Phone: (270) 393-8300
Fax: (270) 393-8301
E-Mail Address: allengas@premier.net

ALLEN COUNTY GAS TRANSPORTATION, INC., will be a local distribution company regulated by the Kentucky Public Service Commission pursuant to KRS 278.010.

Section 8 (2) of 807 KAR 5:001, the original and 10 copies of this application with an additional copy for any party named therein as an interested party are provided.

Section 9 (2) of 807 KAR 5:001, The information to satisfy these rules of procedure requirements is as follows:

- 1. Public Convenience and Necessity
The facts relied upon to show that the proposed new gas system is required by public convenience and necessity.

ALLEN COUNTY GAS TRANSPORTATION, INC. has conducted extensive research and evaluations to determine the need and potential demand for natural gas service along SR 231 between Bowling Green, Kentucky and Scottsville, Kentucky with specific attention to the Plano/Alvaton areas. The pipeline route will cover both

along SR 231 between Bowling Green, Kentucky and Scottsville, Kentucky with specific attention to the Plano/Alvaton areas. The pipeline route will cover both Allen and Warren Counties where there is no natural gas available. The pipeline system will be located in one of the highest growth areas in Central Kentucky. There are approximately 3600 homes in the service area along with commercial / industrial businesses, churches and schools who are presently using propane, electricity, fuel oil or wood as an energy source. The response from customers surveyed indicates a strong desire for natural gas service. Customers presently using propane will convert quickly while those using other fuels will likely convert their heating systems when they are in need of replacing. A major advantage of constructing this system in vicinities of proposed subdivisions is that customers will likely choose natural gas heating and water heating options in lieu of electrical if the gas facilities are present at the time of construction.

Preliminary Engineering Design has been completed along with a complete feasibility study by NESBITT ENGINEERING, INC.

2. Copies of Franchises or Permits
After meeting with the County Judge Executive of Allen County and representatives of Warren County, we have concluded that there are no franchise fees or permits required in regard to the construction and operation of ALLEN COUNTY GAS TRANSPORTATION, INC..

3. Full Description of Pipeline Route

Northwest Section Description:

This Section will consist of 6-inch steel pipe extending Northwest along Rt. 231 on predominately private right of way to the intersection of the roadway leading Northeast to the Cross Creek Subdivision. A monitor regulating station shall be installed and 3-inch polyethylene pipe constructed along the roadway to the partially developed Subdivision having 56 lots. The 6 inch steel line will continue generally along Rt. 231 to it's intersection with Old Mt. Pleasant Road where a branch connection shall be installed along with a monitor regulating station and 3-inch polyethylene pipe constructed Northeast along Old Mt. Pleasant Road to approximately 30 existing residences in the area.

The 6-inch steel pipeline will continue Northeast to Alvaton where a monitor regulating station shall be installed at a branch extending South to serve residences in the Alvaton area, South of Rt. 231. A 4-inch steel branch pipeline shall be installed at the approximate location of the polyethylene branch and shall be constructed North along Old Scottsville Rd. to its intersection with the road leading to Bethany Church. At that point, a monitor regulating station shall be installed and a 3-inch polyethylene pipe system constructed Southwest to the 200-unit subdivision where water, sewer and electrical facilities have been installed but no home construction begun. From the above-mentioned regulating station, a 3-inch polyethylene pipeline shall be constructed North along Old Scottsville Rd. to a point South of its intersection with Drake's Creek.

The 6 inch steel pipeline shall continue Northwest, crossing Drake's Creek and

extend to the intersection of Rt. 231 with Dye Ford Rd. where a monitor regulating station shall be installed. The pressure shall be reduced to 90 psig. and a 6-inch polyethylene pipeline construct South along Dye Ford Rd. to subdivisions in the Plano area. A system of 2-inch and 3-inch polyethylene mains shall be constructed throughout the subdivisions with service lines installed using 1-inch polyethylene.

Southwest Section Description:

This Section will consist of a 4-inch steel piping extending from the M&R station at the TGP pipeline at the 6 inch branch leading to the Northwest Section, extending Southeast along Rt. 231 and on predominately private right of way to Old State Rd. where the pipe diameter shall be reduced to 3-inch. The 3-inch steel pipeline shall continue along Rt. 231 to its intersection with Brown Rd. where a 3-inch steel branch and a monitor regulating station will be installed. A 3-inch polyethylene pipe main shall be extended to the South along Brown Rd. to serve an estimated 100 customers in that area. The 3-inch steel line will continue Southeast along Rt. 231 to its intersection with Lambert Rd. where the steel system shall end with a monitor regulating station. A 4-inch polyethylene system shall be installed South along Lambert Rd. to Rt. 100 and then East to serve an estimated 120 customers in that area.

A 4-inch polyethylene line shall be installed from the monitor regulating station at the junction of Lambert Rd. and Rt. 231 Southeast along Rt. 231 to its intersection with Rt.31E.

The System shall be constructed, operated and maintained according to Rules and Regulations of the Kentucky Public Service Commission.

Domestic gas service meters, regulators and 1 inch polyethylene service lines shall be installed at approximately 1100 residences. Service to commercial or other large volume consumers will be specified on an individual basis.

4. **Maps Of Proposed Route**

Three (3) preliminary maps of suitable scale showing the location and route of the proposed new system are enclosed. Bud Baldrige with NESBITT ENGINEERING is the Project Manager. Mr. Baldrige will be forwarding the detailed pipeline specifications and designated route on aerial maps provided from Frankfort. Mr. Baldrige may be reached at (877) 637-2483 on any questions you may have.

5. **Source Of Funding**

The Company has recently raised \$195,000 (One Hundred Ninety Five Thousand) through the sale of common stock to qualified investors.

Additional funds will be provided through the sale (Private Placement) of a Collateralized Mortgage Obligation to qualified investors in the approximate amount of \$4,400,000 (Four Million Four Hundred Thousand). The notes therein will be secured by a first mortgage and security interest in the land, building and equipment comprising the Project.

6. Estimated Cost of Operation
 - A. Attached is 5 years of operating and maintenance cost projections.
 - B. Attached is 5 years of progressive customer growth and usage projections.
 - C. Attached is the cost of construction prepared by NESBITT ENGINEERING, INC.
7. That the Petitioner has observed, or will observe, all applicable rules and regulations of the Public Service Commission as to having all plans and drawings used in the construction and operations of said pipeline to be performed by an engineering firm. This data will include the operation and maintenance plan, the damage prevention program, and the emergency plan, all of which is planned to be handled by NESBITT ENGINEERING, INC, of Prestonburg, Kentucky. All bids for the requirements of the P.S.C.; and all applicable bonds or posting of sureties will be filed as required.
8. That petitioner will publish all required notices and announcements with the local public newspapers pursuant to the rules and regulations of the Public Service Commission.
9. That based on the information contained, the petitioner submits to this Public Service Commission that there currently exists a need and demand for natural gas service to the target areas above hereto mentioned. Applicant further submits that it is ready, willing and able to provide the necessary services to meet this need and demand.
10. Both the commercial/industrial and residential customers in the subject area will benefit from construction of the proposed system as there is no system presently serving the area. Since this is a new start up company, please waive the requirements for financing information at this time. The financing information will be provided prior to the request for authority to commence construction. Additional information will be provided as soon as received by ALLEN COUNTY GAS TRANSPORTATION, INC., or as requested by the Commission.

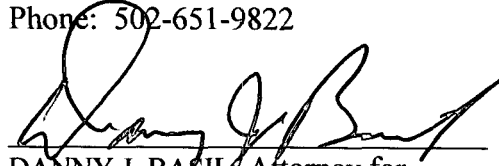
WHEREFORE, Petitioner, ALLEN COUNTY GAS TRANSPORTATION, INC., prays that the Public Service Commission of Kentucky will grant to the Petitioner the following:

- A. A waiver of the requirements to immediately provide complete financing information until those are available.
- B. A waiver of the requirements of aerial maps with detail pipeline specifications and designated route until such can be completed by NESBITT ENGINEERING, INC.

- C. The grant of a Certificate of Public Convenience and Necessity so that the next stage of the process may be commenced.

Submitted by

BASIL LAW FIRM
113 West Public Square, Suite 302
Glasgow, Kentucky 42141
Phone: 502-651-9822



DANNY J. BASIL, Attorney for
ALLEN COUNTY GAS TRANSPORTATION, INC.

AFFADAVIT OF TIM SHARP

COMMONWEALTH OF KENTUCKY

COUNTY OF BARREN

Tim Sharp, after first being duly sworn, states that he is the Secretary Treasure, Chief Operating Officer, ALLEN COUNTY GAS TRANSPORTATION, INC., 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 TIM SHARP on the 15th day of June, 1999.



TIM SHARP



NOTARY PUBLIC - State at Large

My commission expires: 3-24-2001

4/14/94
Michael Vanover

35-103 37
RECEIVED & FILED
APR 11 5 20 PM '94

1622D
ARTICLES OF INCORPORATION
OF
ALLEN COUNTY GAS TRANSPORTATION, INC.

THESE ARTICLES OF INCORPORATION, made and entered into this 8th day of April, 1994, evidence that the incorporators have declared their intentions to form a corporation pursuant to Chapter 271B of the Kentucky Revised Statutes and all other acts amendatory thereof and supplemental thereto as follows:

I.
The name of the corporation shall be Allen County Gas Transportation, Inc.

II.
The existence of this corporation is to be perpetual.

III.
The purpose for which this corporation is organized is to include the transaction of any and all lawful business for which corporations may be incorporated.

IV.
The total number of shares of stock authorized to be issued is one thousand (1000) shares at no par value. The voting power of such stock shall be one (1) per share. The initial registered office of the corporation shall be 1622D McIntosh Drive, Bowling Green, Kentucky 42104, and the initial registered agent at this address shall be Michael Vanover.

V.
The address of the corporation's principal office shall be

1622D McIntosh Drive, Bowling Green, Kentucky 42104.

VII.

The number of directors constituting the initial Board of Directors is three (3). The name and addresses of the directors are as follows:

Michael Vanover
1622D McIntosh Drive
Bowling Green, Kentucky 42104

Timothy Sharp
103 Royal Drive
Long Beach, Mississippi 39560

Jadie Parsons
2875 Sulpher Wells Road
Center, Kentucky 42124

VII.

The business affairs of this corporation shall be carried on and conducted by at least one (1) and not more than five (5) directors, who shall be elected at the first meeting of the shareholders which shall be held upon notice immediately upon the approval of these articles. The directors who are elected shall hold their office until their successors are elected and qualified. The directors of this corporation shall have the additional power and authority to promulgate and adopt in their discretion any and all by-laws deemed necessary for the proper conduct of the corporation business, subject to the power of the shareholders to change or repeal such by-laws at the annual meeting hereinafter provided.

VIII.

No stockholder of this corporation shall be personally

35 39

liable for any debt or liability of the corporation, nor shall such stockholder's private property be held subject to the payment of any debt of the corporation.

IX.

The name and addresses of the incorporator is as follows:

Michael Vanover
1622D McIntosh Drive
Bowling Green, Kentucky 42104

WITNESS the signature of the incorporator to the foregoing instrument which he has executed and acknowledged for the purposes hereinabove set out, this 9th day of April, 1994.

Michael Vanover

MICHAEL VANOVER

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF WARREN)

SUBSCRIBED AND SWORN TO before me by Michael Vanover on this 8th day of April, 1994.

Cornie B. Younger

NOTARY PUBLIC STATE AT LARGE

My Commission expires: 2696

Prepared by:

DUNCAN & GROGAN
550 Tenth Avenue East
Post Office Box 9580
Bowling Green, Kentucky
42102-9580
(502) 782-8600

BY: *[Signature]*

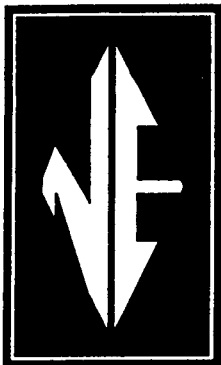
STATE OF KENTUCKY } SS
COUNTY OF WARREN }

I, YVONNE GUY, Clerk of Warren County Court, do certify that the foregoing instrument was this day lodged to be and is, with this and the foregoing certificate, duly recorded in my office.
Given under my hand this 13 day of April, 1994.

YVONNE GUY, CLERK

By *[Signature]* D.C.

APR 13 4 16 PM '94
BY *[Signature]*
LODGED AND RECORDED
5.50



**NESBITT
ENGINEERING
INC.**

June 9, 1999

**ALLEN CO. GAS TRANS., INC.
5966 SCOTTSVILLE ROAD, STE. 7
BOWLING GREEN, KY 42104
ATTN: TIM SHARP**

**Re: Preliminary Engineering Report, Proposed Natural Gas
Transmission and Distribution System.**

Mr. Sharp:

Preliminary Engineering Design has been completed for the proposed Natural Gas Transmission and Distribution System to be constructed in Allen and Warren Counties, Kentucky. The System will consist of a combination of steel and polyethylene piping extending from a "tap" to be made with Tennessee Gas Pipeline (TGP) facilities in Allen County at a point 2.4 miles Southeast of the Warren County line, adjacent to and north of US Rt. 231. The service area will be composed of a **Northwest Section** and a **Southeast Section**.

The **Southeast Section** shall extend from the TGP connection Southeast along Rt. 231 and will terminate at the junction of Rt. 231 and Rt. 31E at Scottsville, while serving communities along the Rt. 231 corridor.

The **Northwest Section** will extend from the TGP connection Northwest along US Rt. 231 to subdivisions in the Plano area with a branch line extending North along Old Scottsville Road to Drake's Creek.

The route of the pipelines has been chosen so as to make service available to an estimated 1100 residential customers. Although many customers will be provided gas service immediately, additional customers will not be connected until such time as they choose to convert their heating systems to natural gas.

This will occur more quickly for customers presently using propane for heating purposes as the conventional conversion cost is less than \$40.00, while those using electricity and fuel oil will likely convert their heating systems when such equipment is replaced. A major advantage to constructing this system in vicinities of proposed subdivisions is that customers will likely choose the natural gas heating option in lieu of electrical if the gas facilities are present at the time of home construction. It was assumed that 100% of new construction projects in these areas would utilize gas service. In areas where new construction has been recently completed such as Plano, it was assumed that only 50% of homeowners would convert their systems in the

416 Park Place
Lexington, Kentucky
40511-1865
Tel (606) 233-3111
Fax (606) 259-2717

Offices in Lexington
and Hazard, Kentucky

Engineers
Surveyors
Scientists


near future. Although we anticipate numerous residents to install gas fueled, ventless fireplace units, this use was not included in our usage estimate. However, the System has been designed to accommodate this contingency.

Based on an average annual gas consumption of **120 MSCF per residence**, we anticipate that the **residential** consumption will be **132,000 MSCF** per year after the 2nd year. This is based on the assumption that subdivisions will be developed at the rate they have been in current history.

The following pages of this Report provide a **Project Description and Cost Estimate**, along with a map showing the **layout of the System**.

We are in the process of preparing the final design and construction specifications for the System for submission to the Kentucky Public Service Commission. I will keep you informed as to the progress.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. L. Baldrige".

H. L. "Bud" Baldrige, PE
Project Manager

PROJECT DESCRIPTION

A. Source of Natural Gas Service:

Natural gas shall be purchased from **Tennessee Gas Pipeline (an El Paso Energy Company)** at a connection to their pipeline no. 100-4, located in Allen County, Kentucky, 2.4 miles Southeast of the Warren County Line at a point north of and adjacent to Rt. 231.

B. Quality Specifications:

The gas shall have a minimum heating value of **1,000 Btu per standard cubic foot**, less than **4.5% combined nitrogen and carbon dioxide** and a water content of less than **7.0 pounds per 1,000 standard cubic feet**.

C. Design Pressure:

The monitor regulating station to be installed at the point of connection to the Tennessee Gas Pipeline (TGP) shall consist of materials meeting the **ANSI 600** specification as the **maximum allowable operating pressure (maop) for TGP's pipeline is 800 psig**. The maop for the proposed Allen Co. Gas Trans., Inc. pipeline system shall be **740 psig.**, **ANSI 300** for the steel portion and **100 psig.** for the polyethylene portion. Stress levels for steel pipe shall be less than 30% of the specified minimum yield strength (smys) of the pipe when operated at it's maop. Sheet 1 of the attached "Cost Estimate" provides specifications on steel pipe specified for the project.

D. Route of Pipelines and Locations of Appurtenances:

TGP will install one 2" hot-tap, check valve, and EGM. Allen Co. Gas Trans., Inc. will install a monitor regulator system (ANSI 600) with appropriate valves and piping along with an orifice gas measurement system (ANSI 300). The foregoing is shown on the attached map as "**M&R STA**". At a point on the downstream side of the measurement station, the pipeline will branch into a 6-inch, steel pipeline extending **Northwest** toward Plano and a 4-inch, steel pipeline extending **Southeast** toward Scottsville.

Northwest Section Description: This Section will consist of 6-inch steel pipe extending Northwest along Rt. 231 on predominately private right of way to the intersection of the roadway leading Northeast to the Cross Creek Subdivision. A monitor regulating station shall be installed and 3-inch polyethylene pipe constructed along the roadway to the partially developed Subdivision having 56 lots. The 6-inch steel line will continue generally along Rt. 231 to it's intersection with Old Mt. Pleasant Road where a branch connection shall be installed along with a monitor regulating station and 3-inch polyethylene pipe constructed Northeast along Old Mt. Pleasant Road to approximately 30 existing residences in the area.

The 6-inch steel pipeline will continue Northeast to Alvaton where a monitor regulating station shall be installed at a branch extending South to serve residences in the Alvaton area, South of Rt. 231. A 4-inch steel branch pipeline shall be installed at the approximate location of the polyethylene branch and shall be constructed North along Old Scottsville Rd. to its intersection with the road leading to Bethany Church. At that point, a monitor regulating station shall be installed and a 3-inch polyethylene pipe system constructed Southwest to the 200-unit subdivision where water, sewer and electrical facilities have been installed but no home construction begun. From the above-mentioned regulating station, a 3-inch polyethylene pipeline shall be constructed North along Old Scottsville Rd. to a point South of its intersection with Drake's Creek.

The 6-inch steel pipeline shall continue Northwest, crossing Drake's Creek and extend to the intersection of Rt. 231 with Dye Ford Rd. where a monitor regulating station shall be installed. The pressure shall be reduced to 90 psig. and a 6-inch polyethylene pipeline construct South along Dye Ford Rd. to subdivisions in the Plano area. A system of 2-inch and 3-inch polyethylene mains shall be constructed throughout the subdivisions with service lines installed using 1-inch polyethylene.

Southwest Section Description: This Section will consist of a 4-inch steel piping extending from the M&R station at the TGP pipeline at the 6-inch branch leading to the Northwest Section, extending Southeast along Rt. 231 and on predominately private right of way to Old State Rd. where the pipe diameter shall be reduced to 3-inch. The 3-inch steel pipeline shall continue along Rt. 231 to its intersection with Brown Rd. where a 3-inch steel branch and a monitor regulating station will be installed. A 3-inch polyethylene pipe main shall be extended to the South along Brown Rd. to serve an estimated 100 customers in that area. The 3-inch steel line will continue Southeast along Rt. 231 to its intersection with Lambert Rd. where the steel system shall end with a monitor regulating station. A 4-inch polyethylene system shall be installed South along Lambert Rd. to Rt. 100 and then East to serve an estimated 120 customers in that area.

A 4-inch polyethylene line shall be installed from the monitor regulating station at the junction of Lambert Rd. and Rt. 231 Southeast along Rt. 231 to its intersection with Rt. 31E.

E. General:

The System shall be constructed, operated and maintained according to Rules and Regulations of the Kentucky Public Service Commission.

Domestic gas service meters, regulators and 1-inch polyethylene service lines shall be installed at approximately 1100 residences. Service to commercial or other large volume consumers will be specified on an individual basis.

COST ESTIMATE
for
ALLEN COUNTY GAS TRANS. CO., INC.
Proposed Gas Transmission/Distribution System

ITEM NO.	DESCRIPTION	SIZE	QUANTITY	UNIT COST			ITEM COST
				MATERIAL	LABOR	COMBINED	
1	Steel line pipe, API 5L, X-42., ERW, 0.219" wall, w/ " skotchkote 206N" or equivalent, 12 mil. Thickness (min.)	6"	47,800 ft.			\$18.00/ ft.	\$860,400
2	Steel line pipe, API 5L, Gr. B., ERW, 0.188" wall, w/ " skotchkote 206N" or equivalent, 12 mil. Thickness (min.)	4"	37,850 ft.	\$2.68/ft	\$9.25/ft	\$11.95/ ft.	\$452,308
3	Polyethylene Pipe, SDR II	1"	109,800 ft.			\$3.00/ ft.	\$329,400
4	Polyethylene Pipe, SDR II	2"	50,500 ft.			\$3.75/ ft.	\$189,375
5	Polyethylene Pipe, SDR II	3"	54,100 ft.			\$4.50/ ft.	\$243,450
6	Polyethylene Pipe, SDR II	4"	20,200 ft.			\$6.00/ ft.	\$121,200
7	Polyethylene Pipe, SDR II	6"	15,800 ft.			\$7.50/ ft.	\$118,500
8	Bore beneath roadway (30' avg.)	4" x 6"	5 ea.			\$1,250 ea.	\$6,250
9	Open cut (saw pavement install PE pipe and conduit)	4" x 6"	14 ea.			\$1,600 ea.	\$22,400
10	Open cut (saw pavement install steel pipe w/o conduit)	4"	15 ea.			\$500 ea.	\$7,500
11	Bore beneath Rt. 231 @ Dye Ford Rd. (install 6" PE w/8" steel conduit)	6" x 8"	60 ft.			\$50.00/ ft.	\$3,000
12	Open cut (saw pavement, install PE pipe and conduit in Plano area.	6" x 8"	5 ea.			\$900 ea.	\$4,500
	Bore beneath side roads along old Scottsville						
13	Rd. (install 3" PE w/6" steel conduit)	3" x 6"	12 ea.			\$1,200 ea.	\$14,400
14	Open cut (saw pavement, install PE pipe and conduit)	3" x 6"	40 ea.			\$850 ea.	\$34,000
15	Open cut (saw pavement, install PE pipe and conduit.	2" x 4"	25 ea.			\$800 ea.	\$20,000
16	Repaving streets after open cut		5,390 sq.ft			3 sq.ft.	\$16,170

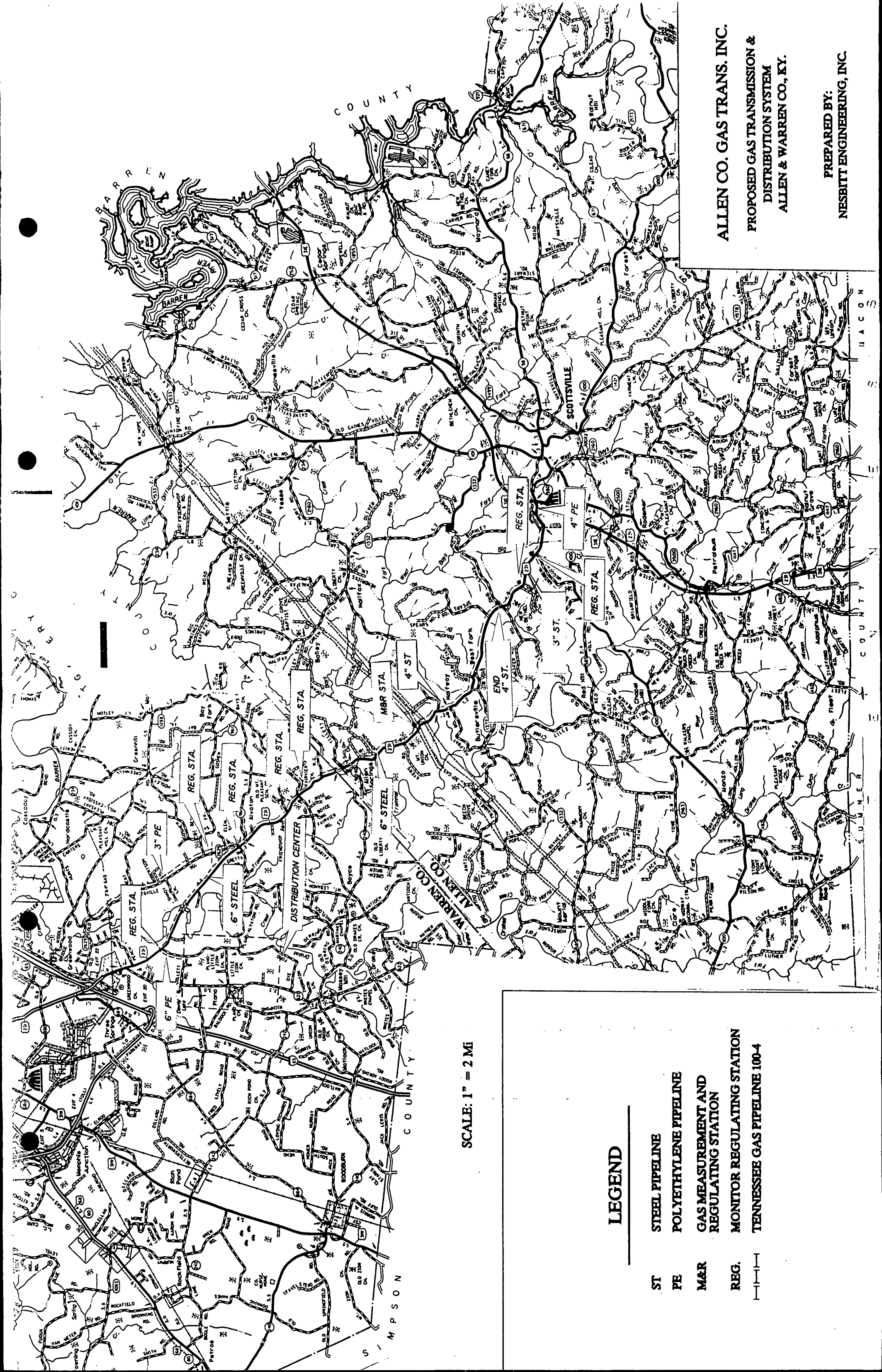
COST ESTIMATE
for
ALLEN COUNTY GAS TRANS. CO., INC.
Proposed Gas Transmission/Distribution System

ITEM NO.	DESCRIPTION	SIZE	QUANTITY	MATERIAL	LABOR	COMBINED	ITEM COST
17	Right-of-Way Acquisition		226,250	\$1.00/ ft.			\$226,250
18	Valves and miscellaneous fitting						\$70,000
19	Tracer Wire		250,000 ft.			\$0.50/ ft.	\$125,000
20	Domestic meter/Regulator Installation		1,098 Res.			250 /Res.	\$274,500
21	Reclamation of right-of-way		336,050 ft.			\$0.25/ ft.	\$84,013
22	Anode magnesium, 17 lb. High potential at 200 ft. spacing on steel pipe.		350			\$110 ea.	\$38,500
23	Corrosion control test station, 5 terminal on bakelite panel, PVC body, 5 color coded wires on steel pipe.		20			\$150 ea.	\$3,000
24	Gas Pipeline markers		140			\$15 ea.	\$2,100
25	Provide and install hot tap, check valve and EGM at TGP pipeline by TGP		1				\$52,300
26	Gas measurement and regulating station at TGP pipeline		1	40,000	\$8,000 /sta.		\$48,000
27	Regulating station		7	\$6000 /sta.	\$1500 /sta.	\$7500 /sta.	\$52,500
28	River X-ing (Drakes Cr.)	4"	450 ft.			\$90.00/ ft.	\$40,500
*Engineering Design & Inspection:							\$291,637
Construction Total:							\$3,459,515
TOTAL:							\$3,751,152

Note: The following items are not included in Estimate

- 1 Rock Excavation
- 2 Gas heater upstream of M & R Station
- 3 Odorization
- 4 Labor for Right-of-Way Acquisition

* Derived from "Agreement for Engineering Services", Form FmHA 1942-19, Kentucky's Attachment I (Rev. 3-1-90) Tables I & II.



ALLEN CO. GAS TRANS. INC.
 PROPOSED GAS TRANSMISSION &
 DISTRIBUTION SYSTEM
 ALLEN & WARREN CO., KY.

PREPARED BY:
 NESBITT ENGINEERING, INC.

SCALE: 1" = 2 MI

LEGEND

- ST STEEL PIPELINE
- PE POLYETHYLENE PIPELINE
- M&R GAS MEASUREMENT AND REGULATING STATION
- REG. MONITOR REGULATING STATION
- |—|— TENSSEE GAS PIPELINE 100-4

Allen County Gas Transportation, Inc.
Operating & Maintenance Cost Projections

	2000	2001	2002	2003	2004
OPERATING EXPENSES					
PAYROLL	216000	222480	267600	275628	283897
PAYROLL RELATED	64800	66744	80280	82688	85169
OFFICE LEASE	13200	13596	14004	14424	14857
OFFICE EXPENSE	6000	6180	6365	6556	6753
ADVERTISING	3600	3708	3819	3934	4052
EQUIPMENT RENTAL	2400	2472	2546	2623	2701
UTILITIES	1800	1854	1910	1967	2026
TELEPHONE EXPENSE	3600	3708	3819	3934	4052
LICENSES	600	618	637	656	675
REPAIRS	12000	12360	12731	13113	13506
INSURANCE	12000	12360	12731	13113	13506
PROFESSIONAL SERV'S	4200	4326	4456	4589	4727
MISCELLANEOUS	6000	6180	6365	6556	6753
BAD DEBTS	6121	8996	10815	12630	14447
DEPRECIATION	55200	63600	71520	75480	79560
INTEREST EXPENSE	268320	268320	268320	268320	268320
TOTAL OPERATING EXPENSES	675841	697502	767918	786211	805001

Allen County Gas Transportation, Inc.

Projected Number Of Customers & Usage Rates

Avg. Therms/Customer
950

Residential

	2000		2001		2002		2003		2004	
	Number of Customers	Volume Therms	Number of Customers	Volume Therms	Number of Customers	Volume Therms	Number of Customers	Volume Therms	Number of Customers	Volume Therms
January	5	950	560	106400	860	163400	1160	220400	1460	277400
February	10	1710	570	97470	870	148770	1170	200070	1470	251370
March	80	9120	620	70680	920	104880	1220	139080	1520	173280
April	160	7600	670	31825	970	46075	1270	60325	1570	74575
May	240	6840	720	20520	1020	29070	1320	37620	1620	46170
June	270	7695	730	20805	1030	29355	1330	37905	1630	46455
July	320	9120	740	21090	1040	29640	1340	38190	1640	46740
August	370	10545	750	21375	1050	29925	1350	38475	1650	47025
September	450	12825	775	22088	1075	30638	1375	39188	1675	47738
October	530	25175	825	39188	1125	53438	1425	67688	1725	81938
November	540	51300	840	79800	1140	108300	1435	136325	1735	164825
December	550	104500	850	161500	1150	218500	1450	275500	1750	332500
Sub Total	550	247380	850	692740	1150	991990	1450	1290765	1750	1590015

Avg. Therms/Customer
4000

Commercial

January	5	4000	16	12800	26	20800	36	28800	46	36800
February	5	3600	16	11520	26	18720	36	25920	46	33120
March	7	3360	18	8640	28	13440	38	18240	48	23040
April	7	1400	18	8640	28	5600	38	7600	48	9600
May	9	1080	20	2400	30	3600	40	4800	50	6000
June	9	1080	20	2400	30	3600	40	4800	50	6000
July	11	1320	22	2640	32	3840	42	5040	52	6240
August	12	1440	22	2640	32	3840	42	5040	52	6240
September	13	1560	24	2880	34	4080	44	5280	54	6480
October	14	2800	24	4800	34	6800	44	8800	54	10800
November	14	5600	24	9600	35	14000	45	18000	55	22000
December	15	12000	25	20000	35	28000	45	36000	55	44000
Sub Total	15	39240	25	88960	35	126320	45	168320	55	210320

Totals

565	286620	875	781700	1185	1118310	1495	1459085	1805	1800335
-----	--------	-----	--------	------	---------	------	---------	------	---------

LEGEND

ST STEEL PIPELINE

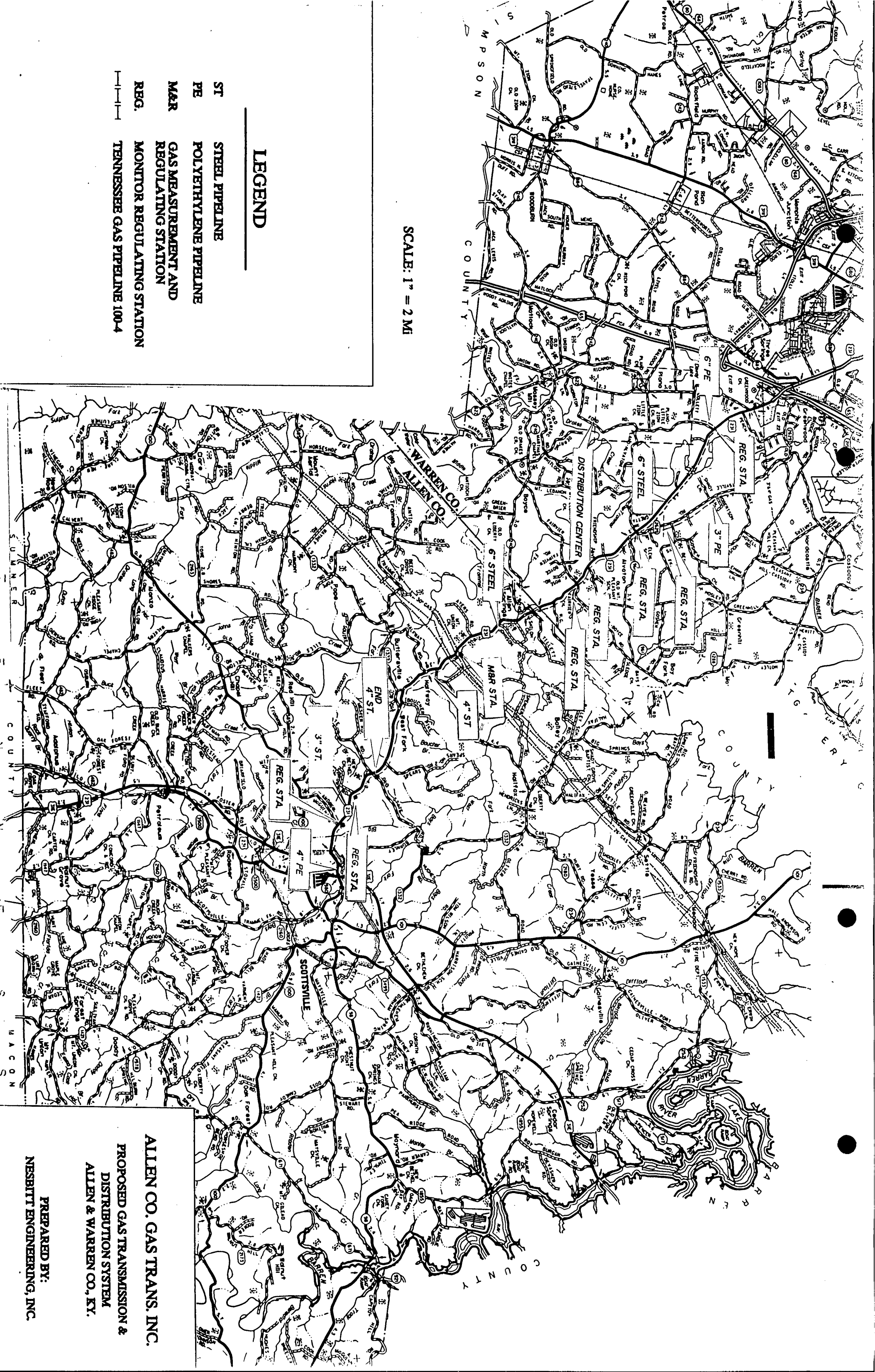
PE POLYETHYLENE PIPELINE

M&R GAS MEASUREMENT AND REGULATING STATION

RBG. MONITOR REGULATING STATION

— TENNESSEE GAS PIPELINE 100-4

SCALE: 1" = 2 MI



ALLEN CO. GAS TRANS. INC.
 PROPOSED GAS TRANSMISSION &
 DISTRIBUTION SYSTEM
 ALLEN & WARREN CO., KY.

PREPARED BY:
 NESBITT ENGINEERING, INC.