

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION **RECEIVED**

MAY 20 2016

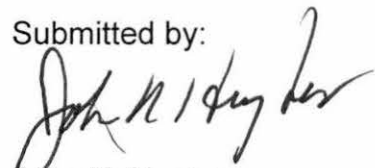
PUBLIC SERVICE  
COMMISSION

AN INVESTIGATION OF THE GAS COSTS )  
OF SENTRA CORPORATION PURSUANT )  
KRS 278.2207, THE WHOLESALE GAS )  
PRICE IT IS CHARGED BY ITS AFFILIATE, ) Case No. 2016-00139  
MAGNUM HUNTER PRODUCTION, INC., )  
PURSUANT TO KRS 278.274, AND THE )  
STRUCTURE OF THE PURCHASED GAS )  
ADJUSTMENT CLAUSE CONTAINED IN )  
ITS FILED TARIFF )

**RESPONSE TO COMMISSION'S ORDER OF MAY 10, 2016**

Sentra Corporation (Sentra), by counsel, submits the attached responses to the Commission's order of May 10, 2016. The witness for all responses is Michael Wallen.

Submitted by:



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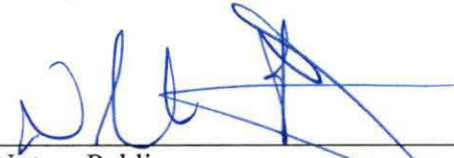
COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

Affiant, D. Michael Wallen, appearing personally before me, a notary public, for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is Senior Vice President of Operations, that he is authorized to submit this Response on behalf of Sentra Corporation, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry and as to those matters that are based on information provided to him, he believes to be true and correct.

  
D. Michael Wallen

This instrument was produced, signed, acknowledged, and declared by D. Michael Wallen to be his act and deed the 19th day of May 2016.

  
Notary Public  
Registration Number: 517219

My Commission Expires: 08/24/2018



- 1. Refer to Sentra's response to Appendix B of the Commission's Order of April 8, 2016, Item 1, which consists of a Base Contract for Purchase and Sale of Natural Gas with no explanation.**
  - a. Provide a narrative response confirming that Magnum Hunter Production, Inc. ("MHP") contracts on behalf of Sentra with Greystone, LLC ("Greystone") for Sentra's gas supply, and state whether Greystone is affiliated with Sentra.**
  - b. State whether Greystone provides 100 percent of Sentra's system supply.**
  - c. Explain whether a contract exists for the purchase and sale of natural gas between Sentra and MHP. If the answer is affirmative, provide a copy of the contract.**

WITNESS: Wallen

RESPONSE:

- a. D. Michael Wallen, Senior Vice President of Operations for MHP, contracts with Greystone for the purchase of natural gas for Sentra. David Rudder owns Greystone. He has always contracted for the Sentra supply. He has no affiliation with Sentra or MHP. Mr. Rudder also purchases some of MHP's gas in southeastern Kentucky - specifically, Knox and Bell Counties.
- b. Greystone provides 100% of the Sentra supply.
- c. There is no contract between MHP and Sentra for the purchase and sale of natural gas between the parties. Mr. Wallen acts on behalf of Sentra when purchasing their gas.

3. **Refer to Sentra's response to Appendix B of the Commission's Order of April 8, 2016, Items 6 and 8.**
  - a. **Item 8 referred to the price of Sentra's gas purchases; however, it appears that the response refers to the price at which Sentra sells natural gas. Clarify whether the response refers to Sentra's purchase price or sales price.**
  - b. **The response to Item 6 states that the price of gas Sentra purchases is ("based on the monthly NYMEX natural gas rate. . .") State whether Sentra believes that this pricing reflects current market conditions and explain the basis for its belief.**
  - c. **Provide Sentra's projected timeline for filing an Application for Rate Adjustment.**

WITNESS: Wallen

RESPONSE:

- a. Item 8 refers to the price that Sentra sells its gas. The price Sentra pays for natural gas does reflect current market conditions.
- b. Sentra does believe that the price it paid for natural gas reflects a NYMEX based rate, plus a marketing fee and interstate transportation rates for the Texas Eastern pipeline system. (See attached NYMEX strip for the time period.)
- c. Sentra thinks it can have its rate case prepared and filed by August 1, 2016.

## NYMEX - NATURAL GAS CONTRACT SETTLEMENT PRICE HISTORY

<u>Monthly Settlement Price</u>													
<u>YEAR</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>YR AVG</u>
2012	3.084	2.678	2.446	2.191	2.036	2.429	2.774	3.010	2.634	3.023	3.471	3.696	2.789
2013	3.354	3.226	3.427	3.976	4.152	4.148	3.707	3.459	3.567	3.498	3.497	3.818	3.652
2014	4.407	5.557	4.855	4.584	4.795	4.619	4.400	3.808	3.957	3.984	3.728	4.282	4.415
2015	3.189	2.866	2.894	2.590	2.517	2.815	2.773	2.886	2.638	2.563	2.033	2.206	2.664
2016	2.372	2.189	1.711	1.903	1.995								2.034

