

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SENTRA CORPORATION )	CASE NO.
FOR RATE ADJUSTMENT PURSUANT TO )	2016-00384
807 KAR 5:076 )	

COMMISSION STAFF'S SECOND REQUEST FOR  
INFORMATION TO SENTRA CORPORATION

Sentra Corporation ("Sentra"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before May 17, 2017. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Sentra shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Sentra fails or refuses to furnish all or part of the requested information, Sentra shall

provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Sentra shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Clarify whether Sentra's current Commercial customer charge is \$5.00 or \$10.00.
2. Refer to Sentra's response to the Commission's March 3, 2017 Order ("March 3, 2017 Order"), Item 2.a. Explain what constitutes "Gas recovery sales."
3. Refer to Sentra's response to March 3, 2017 Order, Item 3.b.
  - a. State whether Sentra reconnected any customers, experienced returned checks, or had customers who paid late during 2015. If so, provide the number of incidents of reconnections and returned checks, and the amount that would have been collected through late-payment penalties.
  - b. If Sentra reconnected customers, experienced returned checks, or had late payments, explain why it did not charge the approved charges, and state whether it intends to charge for these activities in the future.

4. Refer to Sentra's response to the March 3, 2017 Order, Item 12. Using a table format, provide the following actual full-year salary information for each employee, identified by employee number and job title, for the years 2012 through 2016 (in gross dollars — not hourly or monthly rates). The employee salary information for each year shall be provided in a separate table.

- a. Regular salary or pay.
- b. Overtime pay.
- c. Vacation payout.
- d. Standby/Dispatch pay.
- e. Bonus pay.
- f. Other amounts paid and reported on the employees' W-2 (specify).

5. Refer to Sentra's response to the March 3, 2017 Order, Item 14. Using a table format, provide the following actual full-year benefit information for each employee, identified by employee number and job title, for the years 2012 through 2016 (in gross dollars – not hourly or monthly rates). The employee benefit information for each year shall be provided in a separate table.

- a. Healthcare benefit cost for each employee.
  - (1) Amount paid by Sentra.
  - (2) Amount paid by each employee.
- b. Dental benefits cost for each employee.
  - (1) Amount paid by Sentra.
  - (2) Amount paid by each employee.
- c. Vision benefits cost for each employee

- (1) Amount paid by Sentra.
    - (2) Amount paid by each employee.
  - d. Life insurance cost for each employee.
    - (1) Amount paid by Sentra.
    - (2) Amount paid by each employee.
  - e. Accidental death and disability benefits for each employee.
    - (1) Amount paid by Sentra.
    - (2) Amount paid by each employee.
  - f. Defined Contribution – 401(k) or similar plan cost for each employee. Provide the amount paid by Sentra.
  - g. Defined Benefit Retirement cost for each employee.
    - (1) Amount paid by Sentra.
    - (2) Amount paid by each employee.
  - h. Cost of any other benefit available to an employee (specify).
- 6. Refer to Sentra's response to the March 3, 2017 Order, Item 16.
  - a. Provide any supporting calculations or documentation for the 20 percent allocation factor.
  - b. Given that this is a less-than-arm's-length transaction, provide documentation to show that an administrative salary expense of \$18,000 is reasonable.
  - c. Explain whether Sentra is allocated 20 percent of these employees' salaries only or of salaries, benefits, and other labor overhead.
  - d. Explain why MHR did not allocate administrative salaries to Sentra prior to 2016.

e. Identify any other affiliates that are allocated administrative salaries by MHR. Include the amounts allocated and the basis for the allocation.

7. Refer to Sentra's response to the March 3, 2017 Order, Item 17.

a. Provide any supporting calculations or documentation for the determination of 20 hours per month and \$50 per hour for administrative charges.

b. Given that this is a less-than-arm's-length transaction, provide documentation to show that general and administrative expenses of \$12,000 per year are reasonable.

c. Explain why MHR did not allocate administrative expenses to Sentra prior to 2016.

d. List in detail the administrative expenses that MHR is recovering through the administrative expense allocation to Sentra.

e. Identify any other affiliates that are allocated administrative expenses by MHR. Include the amounts allocated, and the basis for the allocation.

8. Refer to Sentra's response to the March 3, 2017 Order, Item 18.

a. Provide a schedule listing each payment Sentra made in the test year to MHR regulatory contract services and the hours spent by MHR providing those services.

b. Explain in detail why MHR asked Sentra to hire the part-time regulatory compliance officer and state whether this employee is a current or former HMR employee.

c. Provide the weekly hours the part-time regulatory compliance officer works, the hourly wage rate, and an itemized list of the services that he/she provides to Sentra.

9. Refer to Sentra's response to the March 3, 2017 Order, Item 19.

a. The schedules provided in response to 19.c. are difficult to follow and do not tie to the schedule provided in response to Item 19.e. Provide an itemized list of the costs that are recovered by Magnum Hunter Production, Inc. or MKS Commercial Real Estate Services through the allocation of rents to the affiliated and nonaffiliated companies for calendar years 2015 and 2016.

b. Explain whether 100 percent of the office costs are being recovered from the current tenants or are costs allocated to the tenants and to the vacant square footage.

c. Given that Sentra's service territory is in Monroe County, Kentucky, explain in detail the benefit that maintaining Sentra's office in Lexington provides to Sentra's ratepayers.

d. In response to Item 19.e., MHR states that the office rent allocation implies that Sentra is being allocated approximately 973 feet of office space. Provide documentation that Sentra requires or actually uses 973 feet of office space.

e. Provide an analysis or study showing that the office rent being paid by Sentra for space in Lexington is comparable to the office rent being charged for similar square footage in Sentra's service territory.

10. Refer to Sentra's response to the March 3, 2017 Order, Item 20. Provide independent documentation showing that a ten-year life for a dump truck is reasonable.

11. Refer to Sentra's response to the March 3, 2017 Order, Item 22. Explain why MHR did not allocate insurance expenses to Sentra prior to 2016.

12. Refer to Sentra's response to the March 3, 2017 Order, Item 28. Explain why Sentra appears to have negative Lost and Unaccounted for Gas.

13. Refer to the Annual Report of Sentra Corporation to the Public Service Commission for the Calendar Year Ended December 31, 2016 at 28.

a. The reported balance in Account Number 434 – Extra Ordinary Income is \$922,668. Provide an itemized list of each item Sentra recorded in this account.

b. For each item listed in Sentra's response to Item 13.a., provide a detailed description and explain whether it will recur in the future.



Talina R. Mathews  
Executive Director  
Public Service Commission  
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DATED     MAY 01 2017    

cc: Parties of Record

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