

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 11 2004

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

THE PETITION OF
SIGMA GAS CORPORATION
TO INCUR DEBT

) 2004-00289
) Case No. ~~2004-00314~~
)

PETITION TO INCUR DEBT

Sigma Gas Corporation, (Sigma), petitions for an order granting approval of debt.

1. Sigma is a Kentucky corporation doing business in Kentucky operating a natural gas system in and around Magoffin County. Its President and Manager is Estill Branham, whose mailing address is P O Box 22, Salyersville, KY 41465;

2. It seeks approval to incur debt as required by KRS 278.300. The debt is estimated to be \$83,287.00 with the Commonwealth of Kentucky Transportation Cabinet as explained and described in Exhibit I.

3. The articles of incorporation were filed in Case No. 98-244.

4. The amount and types of stock authorized were filed in Case No. 98-244.

5. The amount and types of stock issued and outstanding were filed in Case No. 98-244.

6. The detail and preference terms of preferred stock were filed in Case No. 98-244.

7. Sigma has a loan with the Department of Local Government that was executed

on 11/12/1999 for \$1,258,419.

8. Sigma does not have any authorized or issued bonds.
9. Notes outstanding for Sigma Gas are outlined in Exhibit II.
10. All other indebtedness is outlined in Exhibit III.
11. Sigma has not paid any dividends during the five (5) previous fiscal years.
12. A detailed income statement and balance sheet is attached as Exhibit IV.
13. A description of Sigma's property is attached as Exhibit V.
14. Exhibit V shows Sigma's original cost of its property.
15. Copies of all trust deeds or mortgages, if any, were filed in

Case No. 98-244.

16. Sigma is not acquiring property.

Sigma requests that its application to incur debt to be approved.

SUBMITTED BY:



Estill Branham
P O Box 22
Salyersville, KY 41465
(606) 349-1505

PRESIDENT AND MANAGER OF
SIGMA GAS CORPORATION

OATH

State of KENTUCKY)
County of FLOYD) ss.:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared **Estill Branham**, who, being sworn by me, says an oath that he is in charge of the records of **Sigma Gas Corporation** and that the foregoing application to incur debt with the Commonwealth of Kentucky Transportation Department is true to the best of his knowledge and belief.

Estill Branham
(Signature of affiant)

Subscribed and sworn before me this 10th day of AUGUST, 2004.

Susan A. Crum
(Notary Public, Susan A. Crum)

Notary Public, County of Floyd

My commission expires 3-26-05.

EXHIBIT I

**COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
AGREEMENT**

Magoffin County, STPR 460-3 (7)
FD52 077 55140 01U
Salyersville-Paintsville Road (US 460)
Item No. 10-0280.00

THIS AGREEMENT, made and entered into by and between the Commonwealth of Kentucky, Transportation Cabinet, Department of Highways, hereinafter called the Cabinet, Party of the First Part, and Sigma Gas Corporation, P.O. Box 22, Salyersville, Kentucky 41465, hereinafter called the Corporation, Party of the Second part.

WITNESSETH THAT:

WHEREAS, the Cabinet, in the interest of public safety and convenience, proposes widening and reconstructing of the Salyersville-Paintsville Road (US 460), from the junction with KY 40 in Salyersville, extending southeasterly to the junction with the Bert Combs Mountain Parkway, a distance of approximately 2.079 kilometers as shown by the Cabinet's survey and general plan sheets, which are hereby made a part of this agreement by reference; and

WHEREAS, subject project was authorized by TC 10-1, Official Order Authorization No. 55140 002, dated February, 10, 1997, subject to appropriate reimbursement by the Federal Highway Administration, which as pertains to this agreement is in the amount of \$83,287.00 as more particularly set forth in Section III; and

WHEREAS, the right of way for the proposed new section of the Salyersville-Paintsville Road (US 460) will pass over and include certain gas line facilities heretofore constructed and now maintained by the Corporation; and

WHEREAS, said facilities will be relocated as designed by the Corporation and shown on the Cabinet's survey and general plan sheets; and

WHEREAS, said facilities may be relocated upon highway right of way, with restrictions, or upon other private right of way to be obtained by the Corporation; and

WHEREAS, if required and applicable, the Cabinet will recommend approval of this project to the Federal Highway Administration for construction with funds apportioned to the Cabinet under the Federal Aid Highway Acts, and Acts amendatory thereof and supplementary thereto, including Title 23CFR645 Subpart A; and

WHEREAS, it is in the best interests of the Corporation and the Cabinet for the Cabinet to make the necessary removals, alterations or adjustments of the Corporation existing facilities with the Cabinet's Road Contractor, paid under a contract let by the Cabinet, with the Cabinet initially bearing 100% of the engineering and construction cost which is estimated to be \$83,287.00 (engineering \$5,618.00 and construction \$77,668.68), however the Corporation agrees to reimburse the Cabinet 100% of the actual cost;

NOW, THEREFORE, in consideration of the premises, the parties agree as follows:

SECTION I

The estimated cost of abandoning 1,894 meters of 100mm gas line and appurtenances located on public right of way is \$83,287.00, which is the 100% of total cost that will initially be paid by the Cabinet and reimbursed by the Corporation as shown by the estimate attached hereto, and which by this reference is hereby made a part of this agreement. The total work to be done is substantially as follows:

The Corporation will abandon 1,894 meters of 100mm gas line and appurtenances located on public right of way.

The Cabinet does hereby agree to relocate the gas lines as shown on the attached plans.

The Cabinet Road Contractor will install 1,863 meters of 100mm SDR11 gas line, 107 meters of 25mm service line, 72 meters of 150mm steel encasement pipe, 15 each – 100mm heat fusion saddles and appurtenances.

That a change order will be initiated by the Corporation and submitted to the Cabinet for prior approval in the event there is a change in scope of work, extra work to be performed or other major changes in the work covered by this agreement.

SECTION II

The Cabinet agrees that the relocation of said gas lines shall be included in Cabinet Road Contract for the reconstruction of Salyersville-Paintsville Road (US 460), and that the said contract shall include unit prices for the relocation of said gas lines according to the Cabinet's survey and general plan sheets.

The Cabinet agrees that it will require its contractor to perform the work of relocating the Corporation's gas lines in such a manner that the Corporation's service to consumers will not be unreasonably affected.

The Corporation will have the right to inspect the work and the Corporation shall have the authority to reject any material or work which it considers to be defective subject to approval of the Cabinet's Resident Engineer.

SECTION III

The Cabinet will reimburse the Corporation the full cost of the contract engineering by Howard Engineering, Inc. covered by this agreement. The Corporation hereby agrees to reimburse the Cabinet for the total cost of contract engineering and the cost for the installation of the Corporation's gas line facilities by the Cabinet Road Contractor as follows:

The amount of the Corporation's obligation to the Cabinet will be 100% of the total cost of the actual work covered by this agreement. This percentage will not change unless the Cabinet and the Corporation agree in writing to a revision.

The Corporation obligation is estimated to be \$83,287.00 as shown by the estimate attached hereto and made a part hereof, but the Corporation will be billed for the actual cost of the work whether it be more or less than the estimated amount of \$83,287.00.

The Corporation agrees to make ten (10) equal annual payments in the amount of \$8,328.70 of its total obligation, which is estimated to be \$83,287.00. The first annual payment of an estimated amount of \$8,328.70 is to be made no later than thirty (30) calendar days after gas line construction is completed and the Corporation has accepted gas line facilities. Each additional payment will be made between July 1st and July 31st of each successive year, until the Corporation's obligation is paid in full.

The Corporation will make every reasonable effort to compute said costs by and in accordance with the methods and procedures set forth in the Federal-Aid Policy Guide, Part 645.

The method of developing the relocation costs is found in Section 645.117 of the Federal-Aid Policy Guide.

To the extent practicable and without prejudice to the Corporation's right to be reimbursed, the itemized bills from the Corporation will be in reasonable detail and such form as will meet the approval of the Cabinet and the Federal Highway Administration.

The payments will be made on the basis hereinafter set forth:

- A. **Current Billings.** The Corporation may submit billings reflecting the actual cost incurred during any given work period, in which case the current billings will be paid within a reasonable time after receipt of same by the Cabinet.

- B. **Final Payment.** Upon completion of all of said work and the submission of final itemized invoices and as built drawings, the final billing will be forwarded for payment after review by the District Utilities Agent and the Central Office Utilities Section, it being understood, however, that the invoice is subject to audit and verification by the Cabinet and/or the Federal Highway Administration.

SECTION IV

The Corporation shall be reimbursed only for the cost of constructing the most economical type of facilities in the new location as will satisfactorily meet the same service requirement of the old facilities in the old location and a certification to this effect shall be included in its bill for reimbursement for work performed and actual cost incurred.

SECTION V

All records of the Corporation pertaining to this project will be subject to inspection at any reasonable time by representatives of the Cabinet and/or the Federal Highway Administration, and shall be retained as prescribed in Section 645.117 (i) of the Federal-Aid Policy Guide.

SECTION VI

The work of altering and maintaining the Corporation's facilities covered by this agreement at any time after they have been relocated by the Cabinet Road Contractor as herein provided shall be done by the Corporation at its sole expense except as may otherwise be provided by law. Such work as is necessary to install, alter, service and maintain any facilities within the Cabinet's right of way will be done in accordance with policies and procedures prescribed by the Cabinet's Permits Manual and in such a manner as will ensure the safety of the general public in their use of the road as a highway.

SECTION VII

It is also agreed by and between the parties hereto that the Federal-Aid Policy Guide, Part 645 issued by the Federal Highway Administration on May 25, 2000 and supplements and amendments thereto form an essential part of this agreement, and shall in no way be abrogated or superseded by the terms and provisions of this agreement.

SECTION VIII

By the execution of this contract, the Corporation warrants that it has a compensable interest in the utility facilities described herein.

IN WITNESS WHEREOF, the parties have executed this agreement by their duly authorized officers.

This the 17th day of August 2001.

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET

By: *Ralph Divine*
RALPH DIVINE, DIRECTOR
DIVISION OF RIGHT OF WAY
AND UTILITIES

SIGMA GAS CORPORATION

BY: *Estell B. Branham*

TITLE: *President*

APPROVED FOR UTILITIES
<u><i>GFS</i></u> <u><i>8/16/2001</i></u>
DATE

APPROVED, FORM AND LEGALITY:

Susan Paul Chaplin
OFFICE OF GENERAL COUNSEL

U.S 460

SALYERSVILLE-PAINTSVILLE ROAD

PROJECT NO. FSP077 0460 011-013

OSTPR 0460 3 (89)

2/2000

ESTIMATE FOR GAS LINE RELOCATION

ITEM NO.	BID ITEM DESCRIPTION	QUANTITY	UNIT	UNIT BID PRICE	UNIT PRICE
1	100mm (4in) GAS LINE SDR11	1882.99	Meter	* \$32.00	
2	25.4in (1in) SERVICE LINES	107	Meter	\$22.00	\$59,815.68
3	150 (6in) STEEL ENCASMENT PIPE	72	Meter	\$192.00	\$2,354.00
4	100mm (4in) HEAT FUSION SADDLES	15	Each	\$125.00	\$13,824.00
GAS LINE TOTAL					\$1,875.00

SUB TOTAL

\$77,888.68

*PRICES BASED ON 1998 ADJUSTED AVERAGE UNIT BID PRICE
PREPARED BY:

ENGINEERING \$77,888.68

HOWARD ENGINEERING, INC.
Ph. 606-884-6900 Fax 606-884-6901
7-Feb-00

Revised 27-August-99 & February 9, 2000

TOTAL 5,618.00

\$83,287.00

EXHIBIT II

EXHIBIT III

LONG-TERM DEBT

List Each Original Issue Amt., Class & Series of Obligation (a)	Date of Issue (b)	Date of Maturity ©	Outstanding Per Balance Sheet (d)	Interest Expense For The Year	
				Rate (e)	Amount (f)
DEPT OF LOCAL GOV'T	11/12/99	30 YRS	1,258,419	4%	-0-
Total			1,258,419		-0-

NOTES PAYABLE

Name of Payee (a)	Date of Note (b)	Date of Maturity (c)	Interest Rate (d)	Balance End of Year (e)
KISU SERVICE CO., INC.	7/29/98	ON DEMAND	10%	248,977
Total				248,977

INTEREST ACCRUED

Description of Obligation (a)	Int.Accr. Balance First of Year (b)	Int. Accr. During Year ©	Int. Paid During Year (d)	Interest Accrued Balance End of Year (e)
Long Term Debt:				
Note Payable:				
KISU SERVICE CO., INC.	114,689	24,898	-0-	139,587
Customer Deposits:	65	4,034	4,041	58
Other: MISCELLANEOUS	3,193	44	44	3,193
Total	117,947	28,976	4,085	142,838

EXHIBIT IV

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2004

	January	February	March
ASSETS			
CURRENT ASSETS			
Cash in bank - checking	\$ 90,083	\$ 114,835	\$ 33,010
Cash in bank - CNB	31,907	32,490	32,998
Customer accounts receivable	132,017	123,857	96,382
	<u>254,007</u>	<u>271,182</u>	<u>162,390</u>
TOTAL CURRENT ASSETS			
PROPERTY AND EQUIPMENT			
Utility Plant in Service	1,727,630	1,727,630	1,727,630
Accumulated depreciation	(544,516)	(548,977)	(553,438)
Gas plant acquisition adjustment	(162,764)	(161,855)	(160,946)
	<u>1,020,350</u>	<u>1,016,798</u>	<u>1,013,246</u>
TOTAL PROPERTY AND EQUIPMENT			
OTHER ASSETS			
Other deferred debits	2,188	2,188	2,188
Utility deposits	250	250	250
Prepaid Insurance	574	459	344
Nonutility Plant	65,584	65,584	65,584
Accum depr - nonutility	(21,150)	(21,304)	(21,458)
	<u>47,446</u>	<u>47,177</u>	<u>46,908</u>
TOTAL OTHER ASSETS			
TOTAL ASSETS	<u><u>\$1,321,803</u></u>	<u><u>\$1,335,157</u></u>	<u><u>\$1,222,544</u></u>

See Accountant's Compilation Report

SIGMA GAS CORPORATION
 TWELVE MONTH COMPARATIVE BALANCE SHEET
 2004

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

See Accountant's Compilation Report

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

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

See Accountant's Compilation Report

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

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

See Accountant's Compilation Report

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

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

SUPPLEMENTAL INFORMATION

Interest paid	\$13.30
Income taxes paid	\$0.00

EXHIBIT V

GAS UTILITY PLANT IN SERVICE

Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column © or column (d), as they are corrections of additions or retirements

Line No.	Account (a)	Balance First of Year (b)	Additions ©	Retirements (d)
1	Intangible Plant – Account 301-303 (Attach Schedule)	38,045		
2	Gas Production, Storage and Processing Plant – Account 304-364 (Attach Schedule)			
3	TRANSMISSION PLANT Land and Land Rights (365.1)			
4	Rights-Of-Way (365.2)	5,164		
5	Structures and Improvements (366)			
6	Mains (367)			
7	Compressor Station Equipment (368)			
8	Measuring and Regulating Station Equipment (369)			
9	Communication Equipment (370)			
10	Other Equipment (371)			
11	Total Transmission Plant	43,209		
12	DISTRIBUTION PLANT Land and Land Rights (374)			
13	Structures and Improvements (375)			
14	Mains (376)	1,513,609		
15	Compressor Station Equipment (377)	14,580		
16	Measuring and Regulating Station Equipment – General (378)	3,264	687	
17	Measuring & Regulating Station Equipment – City Gate (379)			
18	Services (380)			
19	Meters (381)	64,514		
20	Meter Installations (382)	10,767		
21	House Regulators (383)	28,047		
22	House Regulator Installations (384)			
23	Industrial Measuring & Regulating Station Equipment (385)			
24	Other Property on Customers Premises (386)			
25	Other Equipment (387)	3,227		
26	Total Distribution Plant	1,638,008	687	
27	GENERAL PLANT Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)	11,078	3,510	
30	Transportation Equipment (392)			
31	Stores Equipment (393)			
32	Tools, Shop and Garage Equipment (394)			
33	Laboratory Equipment (395)			
34	Power Operated Equipment (396)	29,640	1,500	
35	Communication Equipment (397)			
36	Miscellaneous Equipment (398)			
37	Other Tangible Property (399)			
38	Total General Plant	40,718	5,010	
39	TOTAL GAS PLANT IN SERVICE	1,721,935	5,697	

GAS UTILITY PLANT IN SERVICE

Report in column (e) entries reclassifying property from one account to another. Corrections of entries of the preceding year should be recorded in column © or column (d), as they are corrections of additions or retirements

Line No.	Account (a)	Adjustments (+ or -) (e)	Balance End of Year (f)
1	Intangible Plant – Account 301-303 (Attach Schedule)		38,045
2	Gas Production, Storage and Processing Plant – Account 304-364 (Attach Schedule)		
3	TRANSMISSION PLANT Land and Land Rights (365.1)		
4	Rights-Of-Way (365.2)		5,164
5	Structures and Improvements (366)		
6	Mains (367)		
7	Compressor Station Equipment (368)		
8	Measuring and Regulating Station Equipment (369)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		43,209
12	DISTRIBUTION PLANT Land and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)		1,513,609
15	Compressor Station Equipment (377)		14,580
16	Measuring and Regulating Station Equipment – General (378)		3,951
17	Measuring & Regulating Station Equipment – City Gate (379)		
18	Services (380)		
19	Meters (381)		64,514
20	Meter Installations (382)		10,767
21	House Regulators (383)		28,047
22	House Regulator Installations (384)		
23	Industrial Measuring & Regulating Station Equipment (385)		
24	Other Property on Customers Premises (386)		
25	Other Equipment (387)		3,227
26	Total Distribution Plant		1,638,695
27	GENERAL PLANT Land and Land Rights (389)		
28	Structures and Improvements (390)		
29	Office Furniture and Equipment (391)		14,588
30	Transportation Equipment (392)		
31	Stores Equipment (393)		
32	Tools, Shop and Garage Equipment (394)		
33	Laboratory Equipment (395)		
34	Power Operated Equipment (396)		31,140
35	Communication Equipment (397)		
36	Miscellaneous Equipment (398)		
37	Other Tangible Property (399)		
38	Total General Plant		45,728
39	TOTAL GAS PLANT IN SERVICE		1,727,632

SIGMA GAS CORPORATION
PLANT AND DEPRECIATION SCHEDULE
12/31/98

ACCT. NO. AND NAME	DATE ACQUIRED BOOKS	DATE USED AUDIT	USEFUL LIFE BOOKS	USEFUL LIFE AUDIT	PER BOOKS		ASSETS		ACCUM	
					BALANCE 12/31/97	ADDITIONS/RETIREMENTS	BALANCE 12/31/98	A/E ADJUSTMENT NO. 12/31/97	PER AUDIT BALANCE 12/31/97	ADJUSTMENT 12/31/98
301 ORGANIZATION										
ORGANIZATION COSTS	1/1/94	1/1/94	25	25	33,000.00		33,000.00		33,000.00	
ORGANIZATION COSTS	6/30/94	6/30/94	25	25	1,039.00		1,039.00		1,039.00	
ORGANIZATION COSTS	9/12/94	9/12/94	25	25	4,006.00		4,006.00		4,006.00	
301 SUBTOTAL					38,045.00	0.00	38,045.00	0.00	38,045.00	
365 RIGHTS-OF-WAY										
MAPS FOR RT 40 ENCROACHMENT	2/13/97	2/13/97	40	40	808.00		808.00		808.00	
ENCROACHMENT BOND & PERMIT	7/31/96	7/31/96	40	40	4,353.89		4,353.89		4,353.89	
365 SUBTOTAL					5,161.89	0.00	5,161.89	0.00	5,161.89	
376 MAINS										
CLIENTS 1993 DEPRECIATION SCH.	10/1/83	10/1/83	35	35	345,794.00		345,794.00		345,794.00	14
CLIENTS 1993 DEPRECIATION SCH.	10/1/83	10/1/83	35	35	11,270.00		11,270.00		11,270.00	4
CLIENTS 1993 DEPRECIATION SCH.	10/1/84	10/1/84	40	40	68,000.00		68,000.00		68,000.00	22
CLIENTS 1993 DEPRECIATION SCH.	10/1/84	10/1/84	35	35	5,857.00		5,857.00		5,857.00	2
CLIENTS 1993 DEPRECIATION SCH.	2/10/86	2/10/86	35	35	1,572.00		1,572.00		1,572.00	1
CLIENTS 1993 DEPRECIATION SCH.	10/1/86	10/1/86	35	35	2,710.00		2,710.00		2,710.00	1
CLIENTS 1993 DEPRECIATION SCH.	12/1/86	12/1/86	35	35	3,179.00		3,179.00		3,179.00	1
CLIENTS 1993 DEPRECIATION SCH.	8/1/87	8/1/87	35	35	4,612.00		4,612.00		4,612.00	1
CLIENTS 1993 DEPRECIATION SCH.	11/30/94	11/30/94	40	40	673.10		673.10		673.10	1
PIPE	6/2/95	6/2/95	40	40	180.00		180.00		180.00	22
9586 CIP - PIPE, STONE, TEES, C.P.L.G.S., ETC.	7/31/96	7/31/96	40	40	627,245.16		627,245.16		627,245.16	1
1996 CIP	12/31/96	12/31/96	40	40	41,520.55		41,520.55		41,520.55	1
9586 CONSTRUCTION - WALTER MARTIN	12/31/96	12/31/96	40	40	6,994.00		6,994.00		6,994.00	1
PIPE	1/1/97	1/1/97	40	40	17,224.36	6,994.00	17,224.36		17,224.36	2
FUEL FOR WORK ON LINE	1/1/97	1/1/97	40	40	969.53		969.53		969.53	2
CIP	1/1/97	1/1/97	40	40	101,571.00		101,571.00		101,571.00	2
GRAVEL FOR NEW CONSTRUCTION	1/22/97	1/22/97	40	40	18,673.44		18,673.44		18,673.44	2
INTEREST ON PIPE - CONSOLIDATED PIPE	1/31/87	1/31/87	40	40	119.27		119.27		119.27	2
JAN 1997 SALARIES	1/31/87	1/31/87	40	40	182.86		182.86		182.86	2
FUEL FOR WORK ON NEW LINE	1/31/87	1/31/87	40	40	3,730.00		3,730.00		3,730.00	2
TERRA TYPE "D" - GAS LINE	2/2/87	2/2/87	40	40	307.13		307.13		307.13	2
GRAVEL FOR NEW CONSTRUCTION	2/1/87	2/1/87	40	40	331.24		331.24		331.24	2
FUEL FOR WORK ON NEW LINE	2/1/87	2/1/87	40	40	172.06		172.06		172.06	2
FEB 97 SALARIES	2/28/87	2/28/87	40	40	380.42		380.42		380.42	2
PIPE - CONSOLIDATED PIPE	6/15/87	6/15/87	40	40	4,351.33		4,351.33		4,351.33	2
10 SENTRY LINE D GAS LINE	11/21/87	11/21/87	40	40	2,278.62		2,278.62		2,278.62	2
2" BLACK POLY PIPE	12/15/87	12/15/87	40	40	165.58		165.58		165.58	2
					2,374.40		2,374.40		2,374.40	

(C-55844-00)
5/21/98 11:16

ACCT. NO. AND NAME	DATE ACQUIRED BOOKS	DATE USED AUDIT	USEFUL LIFE BOOKS	USEFUL LIFE AUDIT	PER BOOKS		ASSETS		PER AUDIT		ACCUM	
					BALANCE 12/31/87	ADDITIONS/RETIREMENTS	BALANCE 12/31/88	A/E ADJUSTMENT NO.	ADJUSTMENT 12/31/87	BALANCE 12/31/87		ADJUSTMENT 12/31/88
34"X500" YELLOW POLY PIPE	12/15/87	12/15/87	40	40	256,402.02	91.48	256,402.02		91.48	91.48		
CIP	1/5/98	1/5/98	40	40		40.41	40.41		0.00	40.41		
2" API LINE PIPE COUPLING	4/10/98	4/10/98	40	40		159.00	159.00		0.00	159.00		
1" SDR-11 YELLOW POLY	4/10/98	4/10/98	40	40		91.85	91.85		0.00	91.85		
3/4" SDR-11 YELLOW POLY	6/5/98	6/5/98	40	40		159.00	159.00		0.00	159.00		
2" RING TYPE GASKET & 3/4" SDR-11 YELLO	8/1/98	8/1/98	40	40		101.39	101.39		0.00	101.39		
3/4"X250" YELLOW PIPE: 3/4"X12" X H NIPPL	8/6/98	8/6/98	40	40		139.18	139.18		0.00	139.18		
3/4"X500" SDR-11 YELLOW	8/1/98	8/1/98	40	40		84.80	84.80		0.00	84.80		
1"X500" SDR-11 YELLOW	8/1/98	8/1/98	40	40		159.00	159.00		0.00	159.00		
(500) 2 IPS X500" 11DR 6500 GAS PIPE	8/14/98	8/14/98	40	40		302.10	302.10		0.00	302.10		
3/4"X500" YELLOW POLY PIPE	9/11/98	9/11/98	40	40		169.60	169.60		0.00	169.60		
(10) 1 1/4" SDR-11 YELLOW POLY PIPE	9/14/98	9/14/98	40	40		455.80	455.80		0.00	455.80		
3/4"X500" YELLOW POLY PIPE	9/23/98	9/23/98	40	40		169.60	169.60		0.00	169.60		
3/4"X500" YELLOW POLY PIPE	10/1/98	10/1/98	40	40		183.70	183.70		0.00	183.70		
REDUCER/CPLGRISER	10/1/98	10/1/98	40	40		91.85	91.85		0.00	91.85		
IN LINE TEE/COUPLING	10/2/98	10/2/98	40	40		386.03	386.03		0.00	386.03		
1"X500" SDR-11 PE YELLOW	10/14/98	10/14/98	40	40		133.76	133.76		0.00	133.76		
3/4"X150" YELL/LT" COUPL	10/15/98	10/15/98	40	40		148.40	148.40		0.00	148.40		
3/4" SDR-11 YELLOW POLY	10/16/98	10/16/98	40	40		49.98	49.98		0.00	49.98		
EQUIP RENTAL ON MAIN	10/19/98	10/19/98	40	40		238.50	238.50		0.00	238.50		
NIPPLE/ELL/GAS COCK	10/20/98	10/20/98	40	40		10,175.00	10,175.00		0.00	10,175.00		
GAS COCK W/LOCKWING	10/20/98	10/20/98	40	40		359.24	359.24		0.00	359.24		
TAP TEES/PREBENT RISER	10/23/98	10/23/98	40	40		162.36	162.36		0.00	162.36		
GAS COCK W/LOCKWING	10/29/98	10/29/98	40	40		601.63	601.63		0.00	601.63		
320 4" PE PIPE	10/30/98	10/30/98	20	20		590.00	590.00		0.00	590.00		
6"X16" SLEEVE COUPLING	11/2/98	11/2/98	40	40		251.69	251.69		0.00	251.69		
NIPPLE/ELL	11/5/98	11/5/98	40	40		55.90	55.90		0.00	55.90		
3/4" SDR-11 YELLOW POLY	11/9/98	11/9/98	40	40		183.70	183.70		0.00	183.70		
COUPLINGS	11/13/98	11/13/98	40	40		58.13	58.13		0.00	58.13		
NIPPLES	11/16/98	11/16/98	40	40		27.91	27.91		0.00	27.91		
CPLGR/REDUCER	11/30/98	11/30/98	40	40		146.78	146.78		0.00	146.78		
3/4"X500" SDR-11 YELLOW	12/1/98	12/1/98	40	40		189.60	189.60		0.00	189.60		
3/4" SDR-11 YELLOW POLY	12/9/98	12/9/98	40	40		169.60	169.60		0.00	169.60		
230 OF 4" STEEL CASING PIPE	12/9/98	12/9/98	40	40		598.00	598.00		0.00	598.00		
PIPE	12/15/98	12/15/98	40	40		762.86	762.86		0.00	762.86		
2"X250" SDR	12/18/98	12/18/98	40	40		166.95	166.95		0.00	166.95		
376 SUBTOTAL					1,521,937.55	24,707.30	1,546,644.85		0.00	1,521,937.55	0.00	1,546,644.85
377 COMPRESSOR STATION EQUIPMENT												
CLIENT'S 1993 DEPRECIATION SCH.	6/1/89	6/1/89	31	31	14,580.00	0.00	14,580.00		0.00	14,580.00	0.00	14,580.00
377 SUBTOTAL					14,580.00	0.00	14,580.00		0.00	14,580.00	0.00	14,580.00
378 MEAS. & REG. STATION EQUIPMENT-GENL												
95896 CIP - STEEL DOOR	7/31/96	7/31/96	40	40	429.43	0.00	429.43		0.00	429.43	0.00	429.43
378 SUBTOTAL					429.43	0.00	429.43		0.00	429.43	0.00	429.43

1481 P Co. 85

1481 DEB. 85

(65581)

(65584)

ACCT. NO. AND NAME	DATE ACQUIRED BOOKS	DATE USED AUDIT	USEFUL LIFE BOOKS	USEFUL LIFE AUDIT	PER BOOKS		ASSETS		PER AUDIT		ACCUM
					BALANCE 12/31/97	ADDITIONS/RETIREMENTS	BALANCE 12/31/98	A/E ADJUSTMENT NO. 12/31/97	BALANCE ADJUSTMENT 12/31/98	BALANCE 12/31/98	

381 METERS												
CLIENTS 1993 DEPRECIATION SCH.												
RI SALES METER	10/1/83	10/1/83	15	15	25,612.00		25,612.00		25,612.00		25,612.00	2
FREIGHT	2/1/84	2/1/84	15	15	6,489.96		6,489.96		6,489.96		6,489.96	
METERS	3/13/96	3/13/96	20	20	267.17		267.17		267.17		267.17	
95/96 CIP MTRS, RISERS, MTR STOPS	5/1/86	5/1/86	20	20	1,530.00		1,530.00		1,530.00		1,530.00	
METERS	7/31/86	7/31/86	40	20	16,049.70		16,049.70		16,049.70		16,049.70	
50 RECOND METERS/STUDS	12/10/97	12/10/97	20	20	2,000.00		2,000.00		2,000.00		2,000.00	
25 PREFAB METER RISERS	10/30/98	10/30/98	20	20	2,500.00		2,500.00		2,500.00		2,500.00	
(10) 3/4" IPS RISERS	10/30/98	10/30/98	15	20	412.50		412.50		412.50		412.50	
	8/1/88	8/1/88	40	20	291.83		291.83		291.83		291.83	
381 SUBTOTAL					51,958.83	3,204.33	55,163.16	0.00	51,958.83	0.00	55,163.16	2

382 METER INSTALLATIONS												
CLIENTS 1993 DEPRECIATION SCH.												
METERS	10/1/83	10/1/83	15	15	10,502.00		10,502.00		10,502.00		10,502.00	
95/96 CIP - MTR INSTALL AT FOODCOURT	1/1/84	1/1/84	20	20	3,042.00		3,042.00		3,042.00		3,042.00	
	7/31/86	7/31/86	40	20	265.00		265.00		265.00		265.00	
382 SUBTOTAL					13,809.00	0.00	13,809.00	0.00	13,809.00	0.00	13,809.00	1

383 HOUSE REGULATORS												
95/96 CIP - REGULATORS												
(50) 3/4" REGULATORS	7/31/86	7/31/86	40	15	9,744.80		9,744.80		9,744.80		9,744.80	
(35) 3/4" S106 REGULATORS	12/1/86	12/1/86	15	15	2,498.42		2,498.42		2,498.42		2,498.42	
REGULATORS	12/3/97	12/3/97	15	15	1,816.05		1,816.05		1,816.05		1,816.05	
(15) TYPE S106 REG 3/4"	12/10/97	12/10/97	15	15	1,750.00		1,750.00		1,750.00		1,750.00	
50 RECONDITIONED REGULATORS	1/14/98	1/14/98	15	15	778.31		778.31		778.31		778.31	
	10/30/98	10/30/98	15	15	1,750.00		1,750.00		1,750.00		1,750.00	
383 SUBTOTAL					15,808.27	2,528.31	18,337.58	0.00	15,808.27	0.00	18,337.58	

391 Office Furniture and Equipment												
CLIENTS 1993 DEPRECIATION SCH.												
391 SUBTOTAL	5/1/87	5/1/87	10	10	1,375.00	0.00	1,375.00	0.00	1,375.00	0.00	1,375.00	

392 Transportation Equipment												
1989 CHEVY S-10 PICKUP												
392 SUBTOTAL	4/24/98	4/24/98	5	2	0.00	2,200.00	2,200.00	0.00	0.00	0.00	2,200.00	

2,200.00
1744

ACCT. NO. AND NAME	DATE ACQUIRED BOOKS	DATE USED AUDIT	USEFUL LIFE BOOKS	USEFUL LIFE AUDIT	PER BOOKS			PER AUDIT		
					BALANCE 12/31/87	ADDITIONS/RETIREMENTS	BALANCE 12/31/88	ADJUSTMENT 12/31/87	ADJUSTMENT 12/31/88	BALANCE ACCU 12/31/88

396 POWER OPERATED EQUIPMENT										
CLIENTS 1983 DEPRECIATION SCH.	10/1/83	10/1/83	12	12	3,190.00		3,190.00			3,190.00
CLIENTS 1983 DEPRECIATION SCH.	10/1/84	10/1/84	12	12	3,700.00		3,700.00			3,700.00
HOMELITE PRO TRIM & BRUSH	6/25/86	6/25/86	7	7	292.33		292.33			292.33
9596 CIP - FUSION MACHINE	7/31/86	7/31/86	40	7	6,000.00		6,000.00			6,000.00
FROST CHAIN TRENCHER SN: 111633	7/23/87	7/23/87	7	7	5,088.00		5,088.00			5,088.00
396 SUBTOTAL					18,270.33	0.00	18,270.33	0.00		18,270.33

UTILITY PLANT IN SERVICE										
					1,981,376.30	32,639.94	1,714,016.24			1,714,016.24
										APRA-3-1

Plant Acq. ASE Amortization*

1994	10,908.00+		
1995	10,908.00+		
1996	10,908.00+		
1997	10,908.00+		
004		43,632.00*	→
		43,632.00+	
1998	10,908.00+		
002		54,540.00*	→

① The Commission determined in CN 99-074 that Sigma's plant in service for Phase II (unauthorized construction) was overstated, using the annual reports; CN 99-074 F.O.; and the utility's plant + depreciation schedule, it was determined that 3.8% of the plant was disallowed for recovery. (APRA-3-2)

NOTE: The utility uses the straight-line method of depreciation as required by the USA.

ASSETS					
DATE	ADJUSTMENT NO.	PER AUDIT		PER BOOKS	
		BALANCE	ADJUSTMENT	BALANCE	ADJUSTMENT

① To reclass nonrecoverable. 1,714,432.24
 (3012.24)
 (2200.24)
 21191.43
 1,664,351.6

Accum. Depr. Per Audit
 Less: Accum. Amort. of Plant Acq. ASE
 Net Accum. Depr. Per Audit

Per book
 Adjustments =

① To reclass for unrecoverable

To adjust 12/31/97 Accum
 To adjust 1998 Deprecio
 Accumulated Depreciation
 Adjustment