Steven L. Beshear Governor

Leonard K. Peters Secretary Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission

211 Sower Blvd. P.O. Box 615 Frankfort, Kentucky 40602-0615 Telephone: (502) 564-3940 Fax: (502) 564-3460 psc.ky.gov David L. Armstrong Chairman

James W. Gardner Vice Chairman

Charles R. Borders Commissioner

March 7, 2011

PARTIES OF RECORD

Re: Case No. 2007-00403

Attached is a Certification of Records being filed in the post-case correspondence file of the case referenced above. If you wish to make any comments regarding the contents of this memorandum, please do so within five days of receipt of this letter. If you have any questions, please call Virginia Gregg of the Commission staff at 502-564-3940, ext. 407.

deff Derouen

Executive Director

VG/kar Attachment



CERTIFICATION OF RECORDS

Jeff Derouen, after being duly sworn, states:

- 1. I am Executive Director of the Public Service Commission of Kentucky.
- 2. As Executive Director of the Public Service Commission, I am responsible for maintaining the official records of Commission proceedings. See KRS 278.100.
- 3. Commission Staff, at my direction, reviewed the records of the Commission and I certify that since 1994, B.T.U. Gas Company, Inc. has been a public utility under the jurisdiction of the Commission.
- 4. I certify that in each annual report filed with the Commission since 2001, Pamela Williams has been listed as the sole owner of B.T.U. Gas Company, Inc., and no application has been filed for the transfer of ownership or control of B.T.U. Gas Company, Inc. nor has such a transfer been authorized by the Commission.
- 5. I further certify that the documents attached hereto, which consist of the annual reports filed by B.T.U. Gas Company, Inc., from 2003 through 2007, the Order of the Public Service Commission entered September 23, 2010 in case no. 2007-00403, and the Petition to Revise Penalty Payment Schedule in case number 2007-00403 received by the Public Service Commission on October 11, 2010, and signed William Kirkland, counsel to B. T. U. Gas Company, Inc., are true and correct copies of such documents as they exist in the official records of case number 2007-00403 before the Public Service Commission of in the records of the Public Service Commission, generally.

Dated: 3 - 7 - 2011

COMMONWEALTH OF KENTUCKY)

COUNTY OF FRANKLIN

Notary Public State-at-Large

My commission expires: Lt. 9, 2014

30582897.2

Class C and D Gas Utility

ANNUAL REPORT

0F

BTU Gas Company, Inc.

Exact Legal Name of Reporting Utility

PO Box 707

Salyersville, Ky 41465

(Address of Utility)

TO THE

PUBLIC SERVICE COMMISSION

. OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2003

PUBLIC SERVICE COMMISSION OF KENTUCKY PRINCIPAL PAYMENT AND INTEREST INFORMATION FOR THE YEAR ENDING DECEMBER 3 , 20_03

 Amount of Principal Pay 	ment during caler	ndar year \$		
2. Is Principal current? . (Yes)	(No)	•	
3. Is Interest current? (Yes)	(No)		
4. Has all long-term debt b	een approved by	the Public Service	•• ,	
Commission?			•	
Yes No F	SC Case Number	er		
*	٠.		•	•
•	•			•
INDEPEN	SERVICES PE DENT CERTIFIE	RFORMED BY D'PUBLIC ACCOL	JNTANT	
Are the financial state (Yes) (No)		d by a Certific	ed Public Ad	countant?
If yes, which service was po	erformed?		•	•
Audit Compilation Review				
Please enclose a copy of the	ne accountant's re	port with the annu	al report.	

09/20/2009 11:03

JONES PACK CPA

PAGE

26

					GAS CUMPANIES		•	
Page N	<u>o. Line N</u>	<u>o.</u>	. <u>P</u> a	age	No, Line No.	Yes	No.	If No, Explain Why
1	3	agrees with		3	12	X.		. ^
1	4	agrees with .		3	15	¥		
1 :	5	agrees with	• •	3	16	x		
2	2&3	agrees with		6	Capital Stock (f)	v		
2	. 8	agrees with	• .	8	Account 216 Balance End of Year (b)	x		
2	16	agrees with	-	7	Long Term Debt Total (d)	x	*	
2	24	agrees with		7	Notes Payable Total (e)	х		
2	30	agrees with		7	Interest Accrued Total (e)	x		
2 .	31	agrees with		8	Misc. Current and Accrued Liabilities	x		
3	1	agrees with		5	39(f)	x		2 2
3	15	agrees with		3	34	X		
3	15 .	agrees with		6	25	X		. ;
9	5	agrees with		13	(f)	x ·		
9	15	agrees with	,	11	26	x	, .	
9	17	agrees with		12.	Total Amortization Expense	x		
9	18	agrees with		12	Account 408.1	χ.		1
. 8	19	agrees with		12	Total Income Taxes - Utility Operating Income	x		
9	- 29 .	agrees with		7	Interest Accrued Long-Term Debt (c)	x		

Page 2 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

Page No	o. Line No.		Page No	Line No.	Yes	<u>No</u>	*	If No, Explain Why	
9	. 32	agrees with	7	Interest Accrued Other (c)	x		T		٦
9.	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	. x	. "		: : : :	\neg
9	37	agrees with	12	Account 408.2	Y				\dashv
9	39	agrees with	: !8	Balance Transferred From Income (433)	х				٦
10	5	agrees with	14	(j) .	x			4	٦
10	. 6	agrees with	14	(1)	X				7
14	(i)	agrees with	15	3 & 4 (b)	x				ᅱ
15	9	agrees with	15	20	X			4	丁
15	11	agrees with	9 -	6(c)	ж		-		ヿ
Princip	al Payment Pag	ge has been con	npleted		x			-	7
Oath P	age has been o	completed			x				-

09/20/2009 11:03

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Additional Information Required by Commassion Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments

			,		
	Case #	Date of Order	ltem/Expli	enation	*
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Attach additional sheets if more moom is needed

	•			* * *
•	• •	General info	ORMATION.	
.x. (Give the la	ocation, including street & nu	umber and telephone number,	including the
ું ર	area code,	of the principal office in Kerkley Rd. PO Box 707	entucky.	•
		7111e, Ky 41464		,
_		1~2000		
		, address and telephone number of concerning this report.	er, including area code, of	the Person to
	Pam Will	liams President	• •	,
• -	(606) 88	34-2000		
า หั	lame and ti	tle of officer having custody	of the banks of account as	dress of
		telephone number, including a		
	epi .		•	
_		"same as above"		
. • •			· ·	
4. N	ame of Sta	te under the laws of which re	spondent is incorporated and	date of .
i	ncorporati	on. If incorporated under a s	pecial law, give reference t	to such law.
		Kentucky		·
		Tune 1994		
5. Î	f the resp	ondent controls or is control	led by any other corporation	, business
t	rust, or s	imilar organization, give a c	concise explanation of the ma	anner and
6	xtent of c	ontrol.	• • • •	٠ (
_	n/a	The state of the s		
6. G	ive the na	mes and addresses of the ten	major stockholders of the re	spondent and
t	he voting	powers of each at the end of	the year.	
**		Pam Williams- 100%		
_				
7. 6	live the nu	mber of employees: Full-ti	lme Part-time:	
B. N	lame of Cit	y, Town, Community and County	, in which you furnish gas s	ervice and
		of customers in each.		
,				
		PRINCIPAL O	FFICERS	
		170 m o 5	Principal	Annual
Line	Title	Name of Officer or Director	Business Address	Salary
No.	11016	Officer or Director	Business Addices	And/or
				Fee
1			DD D 707	
	Proside		PO Box 707 Salyersville, Ky 414	
<u>2·</u>	ļ	• .	Saryersville, Ky 414	73 ,
3				<u> </u>
4				· -
5				-
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.8				
9				
10				1

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	BALANG	E SHEET .	· · · · · · · · · · · · · · · · · · ·
Line No.	ASSETS AND OTHER DEBITS	Balance First of Year	Balance Last of Year
1.	UTILITY PLANT		•
3	Thur. D. Wood 107 111	^	
	Utility Plant (101-107,114,116)	317,208.03	317, 208, 03
4	Less: Accum. Prov. for Depr., Depletion, and Amortization (108,111)	(118,878,76)	(135):275 (83)
5	Net Utility Plant	198,329.27	181,932 20
6			
7	OTHER PROPERTY AND INVESTMENTS		
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)		*
10	Other Special Funds (128)		
11			·
12 .	Yotal Other Property and Investments .		
13		· ·	
14	CURRENT AND ACCRUED ASSETS		
15.	Cash (131)	4 305 30	(2,480.01)
16	Temporary Cash Investments (136)	4,705.37	
17	Notes Receivable (141)		
18	Customer Accounts Receivable (142)		1.1.000
19	Other Accounts Receivable (143)	37,941.13	46, 229-45
20 .	Accum. Prov. for Uncollectible AccisCR. (144)		· · · · · · · · · · · · · · · · · ·
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)	- 	
23	Prepayments (165)		
	Miscellaneous Current and Accrued Assets (174)		
25			· · · · · · · · · · · · · · · · · · ·
26 .			
27	Total Current and Accrued Assets	42 EAE EO	43.749.44
28		42,646,50	95,743,44
29 .	DEFERRED DEBITS		,
30	Unamortized Debt Expense (181)	. , ,	
31.	Extraordinary Property Losses (182.1)		
32	Miscellaneous Deferred Debits (186)	· · · · · · · · · · · · · · · · · · ·	
33	Def. Losses from Disposition of Util. Pit. (187)		
34 .	Unamort, Loss on Reacquired Debt (189)		
	Accum. Deferred Income Taxes (190)		u _
	Unrecovered Purchased Gas Costs (191)	<u> </u>	
37 .			
38	Total Deferred Dabits		
39			
10		i	t .

199/20/2003se¹1027076阿锅粉³⁰13oc 44-3 Filed 1270年月伊ACHERRIP 12/08/10 16:02:25AGE Desc Exhibit D Annual Report 2003 thru Exhibit O Page 8 of 78

	BALANC	E SHEET	•
Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
	PROPRIÉTARY CAPITAL		
1	Common Stock Issued (201)		1.
3 .	Preferred Stock Issued(204)		
4	Misc. Paid-in Capital (211)		<u> </u>
5	Discount on Capital Stock (213)		
6	Capital Stock Expense (214)	,	
7	Appropriated Retained Earnings (215)	4	
8	Unappropriated Retained Earnings (216)	130.943.30	137,065:94
9 .	Reacquired Capital Stock (217)	130,23,1,20	
10	Total Proprietary Capital	130,943.30	137,065,94
1			
2	LONG-TERM DEBT		
3.	Bonds (221)		
14	Advances From Associated Companies (223)	, .	
5	Other Long-Term Debt (224)		
6	Total Long-Term Debt		
7	OTHER NONCURRENT LIABILITIES		
18	Accum. Provision for Property Insurance (228.1)		
19	Accum. Provision for Injuries and Damage (228.2)		
20	Accum. Provision for Pensions and Benefits(228.3)		
21	Accum, Miscellaneous Operating Provisions (228.4)		
22	Total Other Noncurrent Liabilities		
23	CURRENT AND ACCRUED LIABILITIES		
24	Notes Payable (231)		
25	Accounts Payable (232)	24; 120, 77	. 16,305.00
26	Notes Payable to Associated Companies (233)		
27	Accounts Payable to Associated Companies (234)	29,754.29	29,754.29
28	Customer Deposits (235)	36,716,67	41,200.00
29	Taxes Accruet (236)	16,798,37	1,356.41
30	Interest Accrued (237)	2,642.37	-0-
31	Misc. Current and Accrued Liabilities (242)	Cap U T Cap J	
32	Total Current and Accrued Liabilities	110.032-47	88,615,70
33	DEFERRED CREDITS		
34	Customer Advances for Construction (252)		
35	Other Deferred Credits (253)	4	
36	Accum. Deferred Investment Tax Credits (255)		
37	Accum. Deferred Income Taxes (281-283)		
38	Total Deferred Credits		
39		,	
40	TOTAL LIABILITIES AND OTHER CREDITS	240,975,77	225,681,64

		PROVISIONS FOR DEPRECIATION, DEPLETION AND AMORTIZATION	אפ
Line No	Acct.	item	Amount
1	- 101	Gas Plant in Service-Classified (From Page 5, Line 39(f))	317; 208, 03
2 .	101.1	Property Under Capital Leases	-317,200,03
3	102	Gas Plant Purchased or Sold	
4	105	Completed Construction Not Classified	
5	1	Total .	
6	104	Gas Plant Leased to Others	
7 :	105	Gas Plant Held for Future Use	
8	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11			
2		Total Utility Plant (Forward to Page 1; line 3)	317 208 03
3		Less:	
4	10B	Accum. Prov. For Depreciation of Gas Utility Plant Accum. Prov. for Amortization and Depletion of Gas Utility Plant	135, 275, 83
5		Total (Forward to Page 1, line 4)	
6		A A Marine Property of the Control o	135,275.83
	<u></u>	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPLETIO AMORTIZATION OF GAS UTILITY PLANT	181,932.20
7	in Se	AMORTIZATION OF GAS UTILITY PLANT price: preciation	
20		A CONTRACTOR	 135,275.83
		Notion	1 2 2 1 2 1 2 1 2 2 2 2 2 2 2 2 2 2 2 2
	1	pletion	1337213103
1	Am	orfization	1337213103
1 2	Am T	orlization otal - In Service	1337213103
1 2 3	Am To Leasi	ortization otal - In Service ed to Others:	1337213103
1 2 3 4	Am To Leasi Der	ortization otal - In Service ed to Others: oreclation	1337213103
1 2 3 4	Am Te Leasi Der Der	ortization otal - In Service ed to Others: preciation	13372.33.03
11 22 33 44 25	Am To Leasi Dep Dep Am	ortization otal - In Service ed to Others: preclation ortization	133,2.33.03
2 3 4 5	Am Teasi Dep Dep Am	ortization otal - In Service ed to Others: preciation	
11 22 3 4 5 6 7	Am Telephone Leasi Dep Dep Am Telephone	ortization otal - In Service ed to Others: oreciation ortization otal - Leased to Others for Future Use:	
21 22 3 24 25 6 7	Am Table Leasi Der Der Am The Held Der	ortization potal - In Service ed to Others: preciation ortization ortization otal - Leased to Others	
11 22 3 4 4 5 8 7 8	Am Ti Leasi Der Der Am Ti Heid Der Der	ortization otal - In Service ed to Others: oreciallon oletion ortization otal - Leased to Others for Future Use: oreciation	
11 22 3 4 5 6 7 8 8 9	Am Leasi Dep Dep Am Ti Held Dep Dep	ortization potal - In Service ed to Others: preciation pletion ortization ortization ortization for Future Use: preciation pletion	
21 22 23 24 25 66 7	Am Leasi Det Deg Am T. Held Deg - Am T	ortization otal - In Service ed to Others: preciation ortization otal - Leased to Others for Future Use: oreciation offization offization offization offization	
21 22 23 24 25 26 27 28 29 30	Amor	ortization otal - In Service ed to Others: oreciation otal - Leased to Others for Future Use: oreciation ortization	
1 2 3 4 5 6 7 8 9 0	Amor	ortization otal - In Service ed to Others: preciation otal - Leased to Others for Future Use: ortization otal - Held for Future Use tization of Gas Plant Acquisition Adjustments	135,275.83

മഴ/20/2029ടെ 10ം7076ആ മാഹ് 20 44-3 Filed 12/എഎ (PACE നൂട്ടു red 12/08/10 16:02:25 AGE Desc Exhibit D Annual Report 2003 thru Exhibit O Page 10 of 78

Page	1 of 2 GAS UTILITY PLA	NT IN SERVICE	,	
Re	port in column (e) entries reclassifying property from one account to and column (d), as they are or	ther. Corrections of entries of	f the preceding year sho ements	ould be recorded in
Line No.	Account (a)	Balance First of Ysar	Additions	Retirements
1.	Intangible Plant - Account 301-303 (Attach Schedule)	(6)	(c) ·	(d)
2	Gas Production, Storage and Processing Plant - Account 304-384			
	(Attach Schedule) TRANSMISSION PLANT			
3	Land and Land Rights (365.1)			
4	Rights-Of-Way (365.2)			
S	Structures and Improvements (366)			
6	Mains (367)	225,636,20		
7	Compressor Station Equipment (368)			1
8	Measuring and Regulating Station Equipment (369)			
9 .	Communication Equipment (370)			
10	Other Equipment (371)	,		
11	Total Transmission Plant			
12	DISTRIBUTION PLANT Land and Land Rights (374)			
13	Structures and Improvements (375)			
14	Mains (376)			
15	Compressor Station Equipment (377)			•
16	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gate (379)	1		r
18	Services (380)	,		
19	Meters (381)	31,055,79		
20.	Meter Installations (382)	-347033.77		
21	House Regulators (383)	15,957-85		
22	House Regulator Installations (384)	7,7,140		
23	Industrial Measuring & Regulating Station Equipment (385)	-		
24	Other Property on Customers Premises (386)			
25	Other Equipment (387)			
26	Total Distribution Plant			
27	GENERAL PLANT Land and Land Rights (389)			
28	Structures and improvements (390)			
29	Office Furniture and Equipment (391)	1		
30	Transportation Equipment (392)		-	
31.	Stores Equipment (393)			•
32	Tools, Shop and Garage Equipment (394)	9,892.52		
33 .	Laboratory Equipment (395)	1		AMA
34	Power Operated Equipment (396)	30,305.51		
35	Communication Equipment (397)			
36	Miscellaneous Equipment (398)	4 260 16:		
37	Other Tangible Property (399)	47300.10		
8	Total General Plant			
39	TOTAL GAS PLANT IN SERVICE	317,208.03		

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	in column (c) or column (d), as they are correct	ions of additions of retirements	
ng . 0.	Account (a)	Adjustments (+ cr-) (e)	Balance End of Year (f)
	Intangible Plant - Account 301-303 (Attach Schedule)	· · · · · · · · · · · · · · · · · · ·	-
	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)	•	
^	TRANSMISSION PLANT Lend and Land Rights (365,1)	*	• . •
	Rights-Of-Way (365.2)		
	Structures and Improvements (368)		
	Mains (367)		225,636,20
	Compressor Station Equipment (368)	1	
	Measuring and Regulating Station Equipment (369)		
	Communication Equipment (370)		
)	Other Equipment (371)		
1	Total Transmission Plant		
	DISTRIBUTION PLANT Lend and Land Rights (374)		
	Structures and improvements (375)		
	Mains (376)		
_	Compressor Station Equipment (377)		
	Measuring and Regulating Station Equipment - General (378)		
	Messuring & Regulating Station Equipment - City Gate (379)		
	Services (380)		
,	Maters (381)		31,055.79
,	Maler Installations (382)		
	House Régulators (383)		15,957.85
	House Regulator Installations (384)		
,	Industrial Measuring & Regulating Station Equipment (385)		<u> </u>
,	Other Property on Customers Premises (386)		
	Other Equipment (387)		
3	Total Distribution Plant		· · ·
7	GENERAL PLANT Land and Land Rights (389)		
3	Structures and Improvements (390)		
3	Office Furniture and Equipment (391)		
)	Transportation Equipment (392)		
1	Stores Equipment (393)		
Z	Tools, Shop and Garege Equipment (394)		9,892.52
3	Laboratory Equipment (395)		
4	Power Operated Equipment (396)		30,305,51
S	Communication Equipment (397)		10.000.40
8	Miscellaneous Equipment (398)		4,360.16
7	Other Tangible Property (399)		
В	Total General Plant	l	

Line No.		ltem "		:	A	mount
1.	Balance Beginning of Year	· .			118	, 87876
2	Accruals for Year:					·
3	Depreciation				1.6	, 397, 0
4 .	Depletion					,02,00
5	Amortization					
6	Other Accounts (detail):	•				
7			•			
8			-			
8	Total Accruals for Year		·		15.	397. 0
10	Credit Adjustments (describe):					
11						
12						
13	Total Cretits for Year	•		•	16,	397.07
14						
15	Net Charges for Plant Retired:				1	
16 .	Book Cost of Plant Retired (same	as Page 4, Line 3	9(d))			XXXXXX
17	Add: Cost of Removal					XXXXXXX
18	Less: Şelvage	·			XXXXX	XXXXXXX
19	Net Charges for Plant Retired	•				
20	Debit Adjustments(describe):					
21						
22 ,						
23.	Total Debit Adjustments for Year					
24					<u></u>	
25	Balance End of Year				135,	275.8
:		CAPITAL STO	OCK .		a r	
	-		Par Value	Stated Val. Per Share		anding nce Sheet
`•	*	. No. of	Per Share		. Fel pala	ince oncer
		Shares	of Par	of Nonpar · Stock	Shares	Amoun
•	Class and Series of Stock	Auth. (b)	Value Stk (c)	(d)	(e)	(1)
•	· . (a)		 	(-)		-
	n/a				<u> </u>	ļ
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		<u> </u>			-	1

NOTES Da N	PAYAR te of ote b)	Outstandin Per Baland Sheet (d)	ce`	nterest Expense For The Year Amount (f) Balance End of Year (e)
NOTES Da N	PAYAE te of ote	Per Balanc Sheet (d) BLE Date of Maturity	Rate (e) Interest Rate	For The Year Amount (f) Balance End of Year
NOTES Da	PAYAR te of ote	BLE Date of Maturity	Interest Rate	Balance End of Year
NOTES Da N	PAYA! te of ote	Date cf Maturity	Rate	of Year
Da - N	PAYAR te of ote	Date cf Maturity	Rate	of Year
Da - N	PAYAR te of ote	Date cf Maturity	Rate	of Year
Da - N	PAYAR te of ote	Date cf Maturity	Rate	of Year
Da - N	PAYAR te of ote	Date cf Maturity	Rate	of Year
Da - N	PAYAR te of ote	Date cf Maturity	Rate	of Year
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Da - N	te of ote	Date cf Maturity	Rate	of Year
. N	ote .	Maturity	Rate	of Year
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<u> </u>	-	<u> </u>		
INTERES	TACC	RUED		• , •
Accr.			Int. Paid .	Interest Accrued Balance
				End of Year
		(c)	(d)	(e)
		<u>:</u>		
				
42,37	1.2,4	72.00	- 5,114,3 °	7 - 0 -
<u> </u>				
		1	•	
	Acer. ilance of Year (b)	lance [of Year (b)	alance During of Year (b) (c)	alance During During of Year Year (b) (c) (d)

8		3 A 40
MISCELLANEOUS CURRENT AND AC	ODUCD LIADUITI	T.C
	CRUED LIABILITY	
Sub-Account and Description		Amount
	•	
Total		
STATEMENT OF RETAINED EARNING	っと ちかひ イロに ヘビタ	
!tem	This Year	Last Year
Item (a)		•
item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216):	This Year (b)	Last Year (c)
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year	This Year (b)	Last Year (c)
item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433)	This Year (b)	Last Year (c)
item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433)	This Year (b)	Last Year (c)
item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433)	This Year (b)	Last Year (c)
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title):	This Year (b)	Last Year (c)
item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433)	This Year (b)	Last Year (c) 129,083-02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings	This Year (b)	Last Year (c) 129,083-02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437)	This Year (b)	Last Year (c) 129,083,02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437) Dividends Declared-Common Stock (438)	This Year (b)	Last Year (c) 129,083,02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437) Dividends Declared-Common Stock (438)	This Year (b)	Last Year (c) 129,083,02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437) Dividends Declared-Common Stock (438) Miscellaneous Debits (Specify Account Number & Title):	This Year (b)	Last Year (c) 129,083,02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437) Dividends Declared-Common Stock (438) Miscellaneous Debits (Specify Account Number & Title): Adjustments to Retained Earnings (439) (Describe)	This Year (b)	Last Year (c) 129,083,02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437) Dividends Declared-Common Stock (438) Miscellaneous Debits (Specify Account Number & Title): Adjustments to Retained Earnings (439) (Describe) Total Debits to Unappropriated Retained Earnings	This Year (b)	Last Year (c) 129,083,02
Item (a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year Balance Transferred From Income (433) Misc. Credits (Specify Account Number & Title): Total Credits to Unappropriated Retained Earnings Dividends Declared-Preferred Stock (437) Dividends Declared-Common Stock (438) Miscellaneous Debits (Specify Account Number & Title): Adjustments to Retained Earnings (439) (Describe)	This Year (b)	Last Year (c) 129,083,02

,	9		<u> </u>		
	STATEMENT OF INCO				
Line ·	Account (8)	Average No. Customers (b)	MCF of NaL Gas Sold (c)	Amount (d)	
4	OPERATING REVENUES				
2	Residential Sales (480) Commercial and Industrial Sales (481)	403	28,879.00	· · · · · · · · · · · · · · · · · · ·	
3		9	698:00		
	Interdepartmental Sales (484)				
4	Total Sales to Ultimate Consumers				
5.	Sales for Resale (483)			• •	
6	Total Gas Servica Revenues	412	70 577 00		
7 .	OTHER OPERATING REVENUES Forfeited Discounts (497)	412	29,577,00	169,683.7	
8	Miscellaneous Service Revenues (488)				
9	Revenues From Transportation of Gas of Others (489)				
10 .	Revenues From Natural Gas Processed by Others (491)				
11		-			
	Rent From Gas Property (493)				
12	Other Gas Revenues (495)		•		
13	Total Other Operating Revenues	,			
14	Total Gas Operating Revenues	**************************************		169,683.7	
15	OPERATING EXPENSES Total Gas Operation & Maintenance Expenses (from page 11, fine 26	i) .		142,672.3	
6.	Depreciation Expense (403)			``	
7	Amonization Expense (404-407) (from page 12)			16,397.0	
В	Taxes Other Than Income Taxes (408.1) (from page 12)				
9	Total Income Taxes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from page 12)				
		Cit hade 15/			
0	Total Gas Operating Expenses			161,089.11	
21	Net Operating Income			8,594.6	
2	OTHER INCOME Other Norwlifity Income – Net (415-418)				
I.					
	Interest and Dividend Income (419)		<u> </u>		
4	Miscellaneous Nonoperating Income (421)				
5	Other Accounts (Specify Account Number and Title):	• .	,	`	
В					
7			<u> </u>	-	
8	Total Other Income				
9	OTHER DEDUCTIONS Interest on Long-Term Debt (427)	,	-		
0	Amonization of Debt Discount and Expense (428)			h	
1	Other Nonutility Deductions (426.1 - 426.5)				
2	Other Interest Expense (431)		:	2,472.00	
3	Total Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 411.	.5) (from Page 12)			
4	Other Accounts (Specify Account Number and Tille):				
	After Amongs Inhants transfers transfers the stock				
5	,				
6	The Charles I was to the Control of				
	Texes Other Than Income Taxes (408.2) (from Page 12)				
8	Total Other Deductions			2,472.00	
9	NET INCOME.	,		E 122 K4	

:	GAS OPERATION AND MAINTENANCE EXPENSES	
ne lo.	Account (a)	Amount (b)
	MANUFACTURED GAS PRODUCTION Total-Account 710-742 (Attach Schedule by Accounts)	
	NATURAL GAS PRODUCTION EXPENSES Total-Account 750-791 (Attach Schedule by Accounts)	
	EXPLORATION AND DEVELOPMENT EXPENSES Total-Account 795-798 (Attach Schedule by Accounts)	
	STORAGE EXPENSES Total-Account 814-843 (Attach Schedule by Accounts)	
	OTHER GAS SUPPLY EXPENSES Natural Gas City Gate Purchases (804)	83,091.60
•	Other Gas Purchases (805)	
	Purchased Gas Cost Adjustments (805,1)	
	Purchased Gas Expenses (807)	
	Gas Withdrawn From Storage - Debit (808.1)	
·)	Gas Delivered to Storage - Credit (808,2)	
	Gas Used For Other Utility Operations - Credit (812)	
	Other Gas Supply Expenses (813)	
, ,	Total Other Gas Supply Expenses	83.091.60
	TRANSMISSION EXPENSES	•
L	Operation Supervision and Engineering (850)	
•	Compressor Station Labor and Expenses (853)	
•	Measuring and Regulating Station Expenses (857)	
-	Transmission and Compression of Gas by Others (858)	
3	Rents (860)	
}	Maintenance of Mains (863)	
) +	Maintenance of Compressor Station Equipment (864)	
	Total Transmission Expenses	
2	DISTRIBUTION EXPENSES Operation Supervision and Engineering (870)	
3	Compressor Station Labor and Expenses (872)	
1	Mains and Services Expenses (874)	14,769,31
; ··	Measuring and Regulating Station Expenses (875)	`
3	Meter and House Regulator Expanses (878)	
, .	Other Expenses (880)	, ,
3 ,	. Rents (881)	8,916.4B
)	Maintenance Supervision and Engineering (885)	
5	Maintenance of Mains (887)	
1	Maintenance of Services (892)	
2	Maintenance of Meters and House Regulators (893)	
3	Maintenance of Other Equipment (894)	1

ine	GAS OPERATION AND MAINTENANCE EXPENSES (Con'L) Account	Amount
No.	(a)	(b) .
	CUSTOMER ACCOUNTS EXPENSE	
12	Meter Reading Expenses (902) Customer Records and Collection Expenses (903)	2,933.64
3	Uncollectible Accounts (904)	
4	Total Customer Accounts Expense	
	l olai Customer Accounts Expense	2,933.64
5		
-	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
5	Miscellaneous Customer Service and Informational Expenses (910)	
	ADMINISTRATIVE AND GENERAL EXPENSES	
	Administrative and General Salaries (920)	12,250.00
3	Office Supplies and Expenses (921)	11,890,88
	Administrative Expenses Transferred - Credit (922)	
0	Outside Services Employed (923)	400.00
!	Property Insurance (924)	
?	Injuries and Damages (925)	
3	Employee Pensions and Benefits (925)	-
4.	Franchise Requirements (927)	
5	Regulatory Commission Expenses (928)	·
5	Duplicate Charges - Credit (929)	
7	General Advertising Expenses (930.1)	1,548.94
3	Miscellaneous General Expenses (930.2)	5,671.53
•	Rents (931)	1,200.00
7	Maintenance of General Plant (932)	
	Total Administrative and General Expenses	32,961.35
2		
3		•
5		
5	TOTAL GAS OPERATION AND MAINTENANCE EXPENSES (to Page 9, Line 15)	142.672.38
	NUMBER OF CUSTOMERS End of Year	
Res	idential (480)	403
Con	nmercial and Industrial (481)	. 9 .
Inter	rdepartmental Sales (484)	
. 7	Total - Ultimate Customer	
Sale	es for Resale (483)	

	12	
	TAXES OTHER THAN INCOME TAXES (408)	
•	Show hereunder the various tax items which make up the amounts lister Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37.	d under
Line.	ltem	Amount :
· No,	Payroll Taxes	(b) .
2	Public Service Commission Assessment	1,284_16
3	Other (Specify):	
 4 · -		
- 5	Other Tax / License	735.49
6		1
7		
8		
9	Total (Same as page 9, lines 18 and 37)	2,019.65
•	OPERATING AND NONOPERATING INCOME TAXES	, b
Acct.	Account	Amount:
No. 409.1	(a) Income Taxes, Utility Operating Income – Federal	(b)
409.1	Income Taxes, Utility Operating Income – State	
409.1	Income Taxes, Utility Operating Income - Other	
410.1	Provision for Deferred Income Taxes, Utility Operating Income	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4	Investment Tax Credit Adjustments, Utility Operations	
411.4	Total Income Taxes - Utility Operating Income (to page 9, line 19)	
409.2	Income Taxes, Other Income & Deductions – Federal	
409.2	Income Taxes, Other Income & Deductions - State	
409.2	Income Taxes, Other Income & Deductions — Other	
410.2	Provision for Deferred Income Taxes, Other Income & Deductions	
411.2	Provision for Deferred Income Taxes - Credit, Other Income &	
411.2	Deductions	<u> </u>
411.5	Investment Tax Credit Adjustments, Nonutility Operations	
	Total Income Taxes - Nonutility Operating Inc. (to page 9, line 33)	
<u></u> !	AMORTIZATION EXPENSE	
Acct.	Account	Amount
No.	(a)	(b)
404.1	Amortization and Depletion of Producing Natural Gas Land and Land Rights	·
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense (Same as page 9, line 17)	•

SALES FOR RESALE - NATURAL GAS (Account 483)

- Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should the identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.

 Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured
- gas.

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PAGE 12

- Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable ž. identification on maps of respondent's pipeline system.
- 4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.

 5. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.

Name of Other Gas Utility (Designate Associated Co) (a)	r cubic foot of gas is di Point of Delivery (b)	FERC Tariff Rate Sch. Design (c)	Approx. BTU per Cubic Fool (d)	MCF of Gas Sold (14.73 PSIA 60 F) (e)	Revenue for Year (see #5, above) (f)	Average Revenue per MCF (9)
		•	. ,	•		
			^^	2.1	• • •	
					*	
		AT THE			-	÷
			* "	,		

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1. Report particulars of gas purchases during the year. 2. Natural gas for the purpose of classification herein is either natural gas unmixed, or any mixture of natural and manufactured gas. 3. Provide subheadings and totels for prescribed accounts 804-Natural Gas City Gate Purchases, and 805 - Other gas Purchases. 4. Where purchases are from initiated fields, or vendor is a partnership or joint interest errangement, specify such initiation of an approximate of the purchases indicate the gas field or fact in column (a) and give name of unit operator, principal partner, or largest owner of joint interest, as approp. 5. For well head and field line purchases indicate the gas field or production area, county and state. 6. Field purchases of less than \$25,000 per year from individual non-associated vendors may be grouped by fields or production areas. Show unmoters of purchases so grouped. 7. Show in column (c) the Selfer's FERC rate schedule designation and numbers of purchases to grouped. 7. Show in column (c) the Selfer's FERC rate schedule designation and on the contract, including such designations for purchases from independent producers. Intrastate purchases for which there is no required fling of a FERC rate schedule designation and specified "intrastate", and dates of contracts shown. It for any purchases more than one rate schedule was in effect during the year, show the most recent rate schedule designation is sufficient in cases where there are and in a foothort give superseded rate scheduled shown it for any purchases grouped as permitted in instruction 6.

Schedula designations are not required with respect to small purchases grouped as permitted in instruction 6. Schedula designations are not required with respect to small purchases grouped as permitted in instruction 6. Avg. Ami. per MCF. Seller's FERC Rate Schedule Designation and Date of Confract Approx. BTU per Cubic Fusi Gesoline MCF of Gas Plant Outlet Name of Vendor Well Mouth (d) (cents) Field Line 14.73 PISA 60 F Amount Other (g) (K) (Designate Associated Companies) (II) (h) Point of Receipt (e) (f) (c). **(**b) (a) 29,577.00 83,091,60 P&J Resources

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GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.

2. ' Enter in column (b) the MCFs as reported in schedules indicated for the respective items of

receipts and deliverles.

3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	ltem (a)	MCF (14.73 PSIA at 60 F) (b)
	GAS RECEIVED	· . ·
1 '	Natural Gas Produced	
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	29 577
4	Other Gas Purchases (Account 805)*	
: 5	Other Receipts (Specify):	
6		
. 7		·
. 8		
9	Total Receipts	29,577
10		
•	GAS DÉLIVERED	
11 [.]	Natural Gas Sales (same as page 9, column (c), line 6)	29,577
12	Other Deliveries (specify):	
13		
14		
15		
16	Total Deliveries	29,577
17		
18	Unaccounted for Gas	
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	29,577

This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas

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PERTINENT NOTES TO THE EXHIBITS AND SUPPORTING SCHEDULES CONTAINED IN THIS ANNUAL REPORT

OATH

	State of Kentucky
•	County of Magoffin)ss.:
•	
	Before me, the undersigned officer duly authorized to administer
	oaths, there personally appeared Pam Williams (Name of affiant)
	who, being sworn by me, says on oath that he is in charge of the records
* ***	of BTU Gas Company, Inc (Exact legal name of company)
п	and that the foregoing report is true to the best of his/her knowledge
	and belief, and that it covers the period from January 1, 20 03 , to
	December 31, 20 03 . (Signature of affiant)
	Subscribed and sworn before me this 2912 day
	of <u>April</u> , 20 <u>04</u> .
ч	Reshe Recholds
	Notary Public, County of Magoffer
	My Commission expires $12/4$, 2005

(Seal)

Class C and D Gas Utility

ANNUAL REPORT

OF

Bru Gas Company, Inc.	
Exact Legal Name of Reporting Utility	-
and the country of the state of the country of the countr	
P.O. Box 707	
	~
Salversville, KY 41465	_
(Address of Utility)	-

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2004

Class C and D Gas Utility

ANNUAL REPORT

0F

Exact Legal Name of Reporting Utility	
13 M - 15 m - 17 M 1	
 P.O. Box 707	

TO THE

(Address of Utility)

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2004

PUBLIC SERVICE COMMISSION OF KENTUCKY PRINCIPAL PAYMENT AND INTEREST INFORMATION FOR THE YEAR ENDING DECEMBER 31, 20____

Amount of Principal Payment during calendar year \$	
2. Is Principal current? (Yes) (No)	
3. Is Interest current? (Yes) (No)	
4. Has all long-term debt been approved by the Public Service	
Commission?	
YesNo PSC Case Number	
CEDVICES BEDEADNED DV	
SERVICES PERFORMED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT	
Are the financial statements examined by a Certified Public Accountant? (Yes) (No)x	•
If yes, which service was performed?	
Audit Compilation Review	
Please enclose a copy of the accountant's report with the annual report.	

Additional Requested Information

Utility Name BTU Gas Company, Inc.	_
FEIN # (Federal Employer Identification Number)	
6 1 - 1 2 7 3 6 4 8	
Contact Person Pameta Williams	
Contact Person's E-Mail Address	
Utility's Web Address	

Please complete the above information, if it is available.

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Page 1 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

Page No.	Line N	0,	Page N	GAS COMPANIES o. Line No.	Yes	No	If No, Explain Why
1	3	agrees with	3	12			I TO, CAPIDITY FIT
1	4	agrees with	3	15	x		
1	5	agrees with	3	16	x		
2	2&3	agrees with	6	Capital Stock (f)	х		1
2	8	agrees with	8	Account 216 Balance End of Year (b)	х		
2	16	agrees with	7	Long Term Debt Total (d)	х		
2	24	agrees with	. 7	Notes Páyable Total (e)	х		
2	30	agrees with	7	Interest Accrued Total (e)	х		
2	31	agrees with	8	Misc. Current and Accrued Liabilities	х		
3	1	agrees with	5	39(f)	x		
3	15	agrees with	3	34	K		
3	15	agrees with	6	25	x		
9	5	agrees with	13	(f)	х		
9	15	agrees with	11	26	x		
9	17	agrees with	12	Total Amortization Expense	x		
9	18	agrees with	12	Account 408.1	x		
9	19	agrees with	12	Total Income Taxes - Utility Operating Income	x		
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)	x		

JONES PACK CPA

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BTU00116

Page 2 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

Page No. L	ine No.	1	Page N	o. Line No.	Yes	No	If No. Explain Why
9	32	agrees with	7	Interest Accrued Other (c)	X		
9	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	x		
9	37	agrees with	12	Account 408.2	х		
9	39	agrees with	8	Balance Transferred From Income (433)	х		
10	5	agrees with	14	(i)	х		
10	6.	agrees with	14	(1)	х		
14	(i)	agrees with	15	3 & 4 (b)	x		
15	9	agrees with	15	20	х		
15	11	agrees with	9	6(c)	x		
Principal Payment Page has been completed							,
Oath Page	has been o	completed			х		

JONES PACK CPA

Additio | Information Required by C_mission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments

Case #	Date of Order	Item/Explanation
	·	
		·

Attach additional sheets if more room is needed

		GENER	l information					
1.	area code.	of the principal affice	t & number and telephone number in Kentucky.					
	HC 60 Oakley Rd - P.O. Box 707 Salversville, KY 41465							
	1606)884-2000							
2.	Name, title, address and telephone number, including area code, of the Person to be contacted concerning this report.							
	Pamela Williams - President							
	(606)884-2000							
3. 1	Name and title of officer having custody of the books of account, address of							
(office and	telephone number, inclu	ding area code, where the book	s of account are				
,	cept. "Comp. o.e.	a han- II						
-	ORIUS AS	-3.00V9-						
4 5	tamp of Eta	to under the laws of wh	ich respondent is incorporated	and data of				
: -	ncorporati Kentuck	on. If incorporated und	er a special law give referen					
-	June 19	94						
			ontrolled by any other corpora					
	rust, or sextent of c		ve a concise explanation of th	e manner and				
	N/A							
-								
			ten major stockholders of th	e respondent and				
		powers of each at the ex	_					
-	Pamela I	Williams-1008						
_								
7. 6	live the m	mber of employees. F	oll-time 1 Part-time:					
8. N	ame of Cit	y, Town, Community and of customers in each.	County in which you furnish ga	is service and				
-	ne namer	or cuscomers in each.						
_								
		PRINCI	AL OFFICERS					
Line		Name of	Principal	Annual				
No.	Title	Officer or Direct						
				And/or				
				Fee				
1	Pres.	Pamela Williams	P.O. Box 707-491.yes	\$12,000 nd				
2			Salversville, KY414	165				
3								
4								
5								
6								
7 8								
9								
10								
	<u> </u>							

89/28/2**923**Se¹10¹ 第076 阿森 530 Doc 44-2 Filed 12 内 540 Page 84 of 95 Exhibit D Annual Reports 2007 thru 2004 Page 84 of 95

	BALAN	CE SHEET	
Line No.	ASSETS AND OTHER DEBITS	Balance First of Year	Balance Last of Year
2	UTILITY PLANT		
3	Utility Plant (101-107,114,116)		
4	Less: Accum. Prov. for Depr., Depletion, and Amortization (108,111)	317,208.03	691,764.58
5	Net Utility Plant	(1357278.83)	(#81,469.90)
6	1491 Omity Libra	181,932.20	510,294.68
7	OTHER PROPERTY AND INVESTMENTS		
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)		
10	Other Special Funds (128)		
21			
12	Total Other Property and Investments		
13			
14	CURRENT AND ACCRUED ASSETS		
15	Cash (131)		
16	Temporary Cash Investments (136)	(2,480,01)	(8,757,76)
17	Notes Receivable (141)		
18	Customer Accounts Receivable (142)		
19	Other Accounts Receivable (143)	46,229,45	51,630.64
20	Accum. Prov. for Uncollectible AcctsCR. (144)		
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)		
23	Prepayments (165)		
24	Miscellaneous Current and Accrued Assets (174)		
25			
26			<u> </u>
27	Total Current and Accrued Assets	43,749.44	42 022 00
28		43,749.44	42,872.88
29	DEFERRED DEBITS		
	Unamortized Debt Expense (181)		
31	Extraordinary Property Losses (182.1)		
32	Miscallaneous Deferred Debits (186)		
3	Def. Losses from Disposition of Util, Pit. (187)		
4 1	Unamort Loss on Reacquired Debt (189)		
15	Accum. Deferred Income Taxes (190)		
6 (Unrecovered Purchased Gas Costs (191)		
7			
8	Total Deferred Debits		
9			
0 7	OTAL ASSETS AND OTHER DEBITS	225,681.64	553,167.56

_ine No.	Apot.	h.	
1	101	Rem (Gas Plant in Service-Classified (From Page 5, Line 39(f))	Amount
2	101.1	Property Under Capital Leases	691,764.58
3	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5		Total	
3	104	Gas Plant Leased to Others	
,	105	Gas Plant Held for Future Use	
}	107	Construction Work in Progress-Gas	
)	114	Gas Plant Acquisition Adjustments	
0	116	Other Gas Plant Adjustments	
1			
2		Total Utility Plant (Forward to Page 1, line 3)	
3		Less:	691,764.58
	108 111	Accum. Prov. For Depreciation of Gas Utility Plant	181,469.90
		Accum. Prov. for Amortization and Deplation of Gas Utility Plant	181;469.90
1		Total (Forward to Page 1, line 4)	510,294.68
	In Ser	Net Utility Plant (Forward to Page 1, line 5) DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS UTILITY PLANT Vice:	LETION AND
	Dep	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT VICE: reciation	
	Dep Dep	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPARTIZATION OF GAS UTILITY PLANT Vice: recistion	181,469.90
	Dep Dep Amo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS UTILITY PLANT Vice: Precision Holion Witzation	
	Dep Dep Amo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: Preciation Indian I	
	Dep Dep Amo To Lease	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: reciation letten witzation ttal - in Service d to Others:	
	Dep Dep Amo To Lease Dep	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: recistion letten vitzation vitzation vitzation vitzation vitzation vitzation vitzation vitzation	
	Dep Dep Amo To Lease Depi Depi	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: recistion letion prization of training trai	
	Dep Dep Amo To Lease Depi Depi Amo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: recistion letion vizi - In Service d to Others: recision letion vizit - In Service do to Others: recision letion vizit - In Service do to Others: recision letion vizit - In Service le	
	Dep Dep Amo To Lease Dep Depl Amo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: recistion retion vization dal - In Service d to Others: recistion retion vization	
	Dep Amo Lease Depi Amo To Held fo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: recistion letion orization distriction retion tal - Leased to Others or Future Usa:	
	Dep Amo To Lease Depi Amo To Held fo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: recistion felion writzation rist - In Service d to Others: recistion ristation ristation ristation ristation ristation ristation ristation tal - Leased to Others or Future Usa:	
	Dep Dep Amo To Lease Depi Amo To Held fo Deppi	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: reciation letten writzation of the control of	
	Dep Dep Amo To Lease Depi Amo To Held fo Deppi Amo	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT vice: reciation letten writzelion district in Service dis	
	Dep Dep Amo To Lease Depi Amo To Held fo Dep Amo To To To To To	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: recistion letion retization disc - In Service d to Others: recistion retization retization retization tal - Leased to Others X Future Use: recistion retization retization retization	
	Dep Dep Amo To Lease Depi Amo To Held fc Depri Amo Tof Amortic	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: recision letter with the service of the Communication of the communication letter with letter with the communication letter with the communication lett	
	Dep Dep Amo To Lease Depi Amo To Held fc Depri Amo Tof Amortic	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: recision letion vization	
	Dep Dep Amo To Lease Depi Amo To Held fc Depri Amo Tof Amortic	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEP AMORTIZATION OF GAS LITILITY PLANT Vice: recision letter with the service of the Communication of the communication letter with letter with the communication letter with the communication lett	181,469.90

Page : Repor	2 of 2 GAS UTILITY PLA of in column (e) entries reclassifying property from one account to and in column (c) or column (d), as they are co	Hor Committee of sales - ve	preceding year should be recorded
. Line No.	Account (a)	Adjustments (+ or -)	Balance End of Year
5	Intangible Plant - Account 301-303 (Attach Schedule)	(e)	(0)
2	Gas Production, Storage and Processing Plant - Account 304-354 (Atlach Schedute)		
3	TRANSMISSION PLANT Land and Land Rights (385.1)		
4	Rights-Of-Wey (365.2)		
5	Structures and Improvements (366)		
6	Mains (367)		
7	Compressor Station Equipment (368)		538,471,20
В	Massuring and Regulating Station Equipment (389)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
	DISTRIBUTION PLANT		
12	Land and Land Rights (374)	}	
13	Structures and Improvements (375)		
14	Mains (376)		
15	Compressor Station Equipment (377)		
16	Measuring and Regulating Station Equipment - General (378)		
17	Measuring & Regulating Station Equipment - City Gate (379)		
18	Services (380)		
	Meters (381)		
0	Meter installations (382)		40,934.79
1	House Regulators (383)		22 742 07
2	House Regulator Installations (384)		22,543.85
3	Industrial Meesuring & Regulating Station Equipment (385)		
• (Other Property on Customers Premises (388)		
5 (Other Equipment (387)		
	Total Distribution Plant		
, ,	GENERAL PLANT End and Land Rights (389)		
S	Structures and Improvements (390)		
C	Office Furniture and Equipment (391)		
T	rerespontation Equipment (392)		
s	tores Equipment (393)		
Ti	ools, Shop and Garage Equipment (394)		
L	aboratory Equipment (395)		9,892.52
P	ower Operated Equipment (396)		
10	omnunication Equipment (397)		72,962,56
М	liscellaneous Equipment (398)		A 850
01	ther Tangible Property (389)		6,959.66
1	Total General Plant		
177	OTAL GAS PLANT IN SERVICE		691,764.58

, , , , , , , , , , , , , , , , , , ,	T.	7 .ONG-TERI	M DERT		<u> </u>		
Liet Early Original Laure And		T	Outstand			nterest Expense	
List Each Original Issue Amt., Class & Series of Obligation (a)	Date of Issue (b)	Date of Maturity (c)		Ş	Rate (e)	For The Year Amount (f)	
N/A							
Total							
	N	IOTES PAY					
Name of Payee (a)		Date of Note (b)		Date of Interest Maturity Rate (c) (d)		Balance End of Year (e)	
Ford Credit US Small Business Admin	stration	1-28-04	2-28-p	$\begin{bmatrix} 3 \\ 2 \end{bmatrix}$		35,065.58 328.296.11	
						220,220.11	
4.1.1							
Total	INT	EREST AC	CPLIED			363,361.69	
	Int.Ac		Int. Accr.	Int	Paid	Interest Accrued	
Description of Obligation (a)	Baland First of (b)	ce	During Year (c)	Du Ye	ring ear d)	Balance End of Year (e)	
Long Term Debt:							
Note Payable:	-0		2,371.76	2,3	71.76	-0-	
Customer Deposits: Other:							
VIIV.			W				
Total							

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Line No. 1 2 3 4 5	Account (a) OPERATING REVENUES Residential Sales (480) Commercial and Industrial Sales (481)	Customers (b)	MCF of NaL Gas Sold			
3 4 5	_Residential Sales (480)		(c)	Amount (d)		
3 4 5	Commercial and Industrial Sales (494)	427	31,096			
4	The same of the same (401)	30	 			
5	Interdepartmental Sales (484)	10	1.637			
	Total Sales to Unimate Consumers		 			
-	Sales for Resale (483)		<u> </u>			
•	Total Gas Service Revenues					
7	OTHER OPERATING REVENUES Fortefled Discounts (487)	437	32,733	239,621.0		
8	Miscellaneous Service Revenues (488)					
9	Revenues From Transportation of Gas of Others (489)					
10	Revenues From Natural Gas Processed by Others (491)					
	Rent From Gas Property (493)					
2	Other Gas Revenues (495)					
13	Total Other Operating Revenues					
4	Total Gas Operating Revenues			239, 621, 06		
5 7	OPERATING EXPENSES					
	Total Gas Operation & Maintenance Expenses (from page 11, line 28)					
	Depreciation Expense (403)					
	Amortization Expense (404-407) (from page 12)					
	Taxes Other Than Income Taxes (408.1) (from page 12)					
,	Total Income Taxes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from page 12)		11,600.29		
	Total Gas Operating Expenses					
<u> </u>	let Operating Income			266,221.14		
. 0	OTHER INCOME Other Nonutity Income - Net (415-418)			T		
	nterest and Dividend Income (419)			-		
М	liscellaneous Nonoperating Income (421)		**************************************	 		
o	ther Accounts (Specify Account Number and Title):			 		
工	Total Other Income					
Int	OTHER DEDUCTIONS lerest on Long-Term Debt (427)					
An	mortization of Debt Discount and Expense (428)					
Ot	ther Nonutlity Deductions (428.1 - 425.5)					
Of	her Interest Expense (431)			2 274 75		
To	tal Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 4	(1.5) (from Page 12)		2,371.76		
Off	her Accounts (Specify Account Number and Title);					
丁						
	xes Other Than Income Taxes (408.2) (from Page 12)					
ł	Total Other Deductions TINCOME			2,371.76		

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	11	
Line	GAS OPERATION AND MAINTENANCE EXPERSES (CO	
No.	Account (a)	Amount
	CUSTOMER ACCOUNTS EXPENSE	(b)
1 Mete	r Reading Expenses (902) Dimer Records and Collection Expenses (903)	3,961.19
	· · · · · · · · · · · · · · · · · · ·	
	flectible Accounts (904)	
4 To	otal Customer Accounts Expense	3,961.19
3		
	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
6 Misce	flaneous Customer Service and Informational Expenses (910)	İ
	ADMINISTRATIVE AND GENERAL EXPENSES	
7 Admir	alstrative and General Salaries (920)	12,000.00
8 Office	Supplies and Expenses (921)	
	istrative Expenses Transferred - Credit (922)	6,470.47
	s Services Employed (923)	
		10,000.00
	fly Insurance (924)	
	and Damages (925)	
3 Emplo	yee Pensions and Benefits (925)	
	ise Requirements (927)	
5 Regula	tory Commission Expenses (928)	
6 Duplica	ste Charges - Credit (929)	
7 Genera	al Advertising Expenses (930.1)	
8 Miscell	aneous General Expenses (930.2)	1,650.00
9 Rents		13,175.97
	•	1,942.80
	nance of General Plant (932)	
Tota	Il Administrative and General Expenses	45,239.24
3		
TOTAL	GAS OPERATION AND MAINTENANCE EXPENSES (to Page 9, Line 15)	208,426.78
***************************************	NUMBER OF CUSTOMERS End of Year	
Residential (480)	427
Commercial :	and Industrial (481)	10
Interdepartm	ental Sales (484)	
	imate Customer	
Sales for Res	≈le (4B3)	
	ervice Customers	
		437

Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
 Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured

Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured gas.
 Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable

3. Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.

4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.

5. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.

Name of Other Gas Utility (Designate Associated Co) (e)	Point of Delivery (b)	FERC Tariff Rate Sch. Design (c)	Approx. BTU per Cubic Foot (d)	MCF of G88 Sold (14,73 PSIA 60 F) (6)	Revenue for Year (#89 \$5, above) (I)	Average Revenue per MCF (g)
n/a						
	•					
,						

GAS ACCOUNT - NATURAL GAS

- 1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
- 2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
- 3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

		
Line No.	Item (a) GAS RECEIVED	MCF (14.73 PSIA at 60 F) (b)
1	Natural Gas Produced	
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	20.000
4	Other Gas Purchases (Account 805)*	32,733
5	Other Receipts (Specify):	
6		
7		
8		
9	Total Receipts	32,733
10		32,733
	GAS DELIVERED	
11 12	Natural Gas Sales (same as page 9, column (c), line 6) Other Deliveries (specify):	32,733
13		
14		
15		
16	Total Deliveries	32,733
17		32,733
18	Unaccounted for Gas	
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	32,733

^{*} This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas

UA	J	ī	1

State of Kentucky	,
County of Magoffin) 58. ;
county of 124301111	
Before me, the undersigne	ed officer duly authorized to administer
oaths, there personally appear	
	(Name of affiant)
who, being sworn by me, says o	on oath that he is in charge of the records
of BTU Gas Company, Inc.	
(Exact lega	1 name of company)
and that the foregoing report	is true to the best of his/her knowledge
and belief, and that it covers	the period from January 1, 20 04 , to
December 31, 20 04 .	
	(Signature of affiant)
Subscribed and sworn before me	thisday
Of, 20	
, 20	**************************************
	Notary Public, County of
	My Commission expires, 20
(Seal)	

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Rev. 7/19/2004

KEN_CKY PUBLIC SERVICE COMMIS_ON REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY BUSINESS FOR THE YEAR ENDING DECEMBER 31, 20 04

	BTU GAS Con (Utility R	oporting)	Po 9	Ox 707 - Salver (Address)	54:16 KY 41465
	FEIN # (Federal Employer	Identification Numb	er)		
		6 1 - 1	a 7 3	6 4 8	
		(DO NOT IN	CLUDE TAXES O	DLLECTED)	
(1) Gross Revenues of l	Electric Utility	• • • • • • • • • • • • • • • • • • • •	\$	
(2	2) Gross Revenues of	Gas Utility	***********	\$	239,621.00
(3	Gross Revenues of	Water Utility	•••••	\$	
(4	Gross Revenues of S	Sewer Utility	• • • • • • • • • • • • • • • • • • • •	\$	
(5	Other Operating Re	venues		s	
	*** TOTAL G	ROSS REVEN	JES	5	239, 621. 00
	•		<u>QATH</u>		
Sta	ate of KENTICKY)			
Co	ounty of Magossia) ss.)			
	Pamela Williams (Officer)		being dul	y sworn, states that	he/she is
-	President (Official Title)	of the	BTU BAS Co	heady, Inc.	that the above
teb	ort of gross revenues is in e	xact accordance wit	BTU GAS	Lomp A2 Tu	c , and that such
boo	ks accurately show the gro	ss revenues of	BTU GAS L (Utility F	eporting)	derived from
.:. Int	a-Kennicky, business for th	e cal andar year a ndi	ing December 31,-20	D4:	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
		-			President
rgral #	- d		(Officer)		(Title)
Thi	s the	day of			, 20
((Notary Public)	10	(County)	(Comm	nission Expires)
N	OTE: ANY DIFFERENC	E BETWEEN THE	AMOUNT OF T	IE GROSS DEUP	NITES SUCKED THE THEFT
	ANNUAL REPORT	LAND INE AMU	UNI APPEARING	ON THIS STATE	MENT MUST BE

_	-	-	_	
\mathbf{r}	л			ш
v	•	N.	١.	п

State of Kentucky))ss.:
County of Magoffin)
Before me, the undersigned officer duly authorized to administer
oaths, there personally appeared Pamela Williams (Name of affiant)
who, being sworn by me, says on oath that he is in charge of the records
of BTU Gas Company, Inc. (Exact legal name of company)
and that the foregoing report is true to the best of his/her knowledge
and belief, and that it covers the period from January 1, 20 04 , to
December 31, 20 04. (Signature of affiant)
Subscribed and sworn before me this
Notary Public, County of Magoffin. My Commission expires april 29, 2007

(Seal)

Amended 8/23/2005

Class C and D Gas Utility

ANNUAL REPORT

OF

Exact Legal Name of Reporting Utility	,
 P.O. Box 707	

TO THE
PUBLIC SERVICE COMMISSION
OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2005

PUBLIC SERVICE COMMISSION OF KENTUCKY PRINCIPAL PAYMENT AND INTEREST INFORMATION FOR THE YEAR ENDING DECEMBER 31, 20 05

1. Amount of Principal P	ayment during cale	ndar year	\$		
2. Is Principal current?	(Yes)	(No)			
3. Is Interest current?	(Yes)	(No)			
4. Has all long-term debt	been approved by	the Public	c Service		
Commission?					
Yes No	PSC Case Number	er			

INDEP	SERVICES PE NDENT CERTIFIE		***************************************	ANT	
Are the financial sta (Yes) (No) _	ternents examine	d by a	a Certified	Public	Accountant?
If yes, which service was	performed?				
Audit Compilation Review					

Please enclose a copy of the accountant's report with the annual report.

Page 1 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

09/20/2009 11:30

JONES PACK CPA

PAGE

Page No.	Line N	<u>o.</u>	Page No	Line No.	Yes	No	If No. Explain Why
1	3	agrees with	3	12	×		
1	4	agrees with	3	15	х		
1	5	egrees with	3	16	x		
2	2 & 3	agrees with	6	Capital Stock (f)	x		i
2	8	agrees with	8	Account 216 Balance End of Year (b)	х		·
2	18	agrees with	7	Long Term Debt Total (d)	х		-
2	24	agrees with	7	Notes Payable Total (e)	х		
2	30	agrees with	7	Interest Accrued Total (e)	. X		*
2	31	agrees with	В	Misc. Current and Accrued Liabilities	х		
3	1	agrees with	. 5	39(f)	х		
3	15	egrees with	3	34	X		,
3	15	agrees with	. 6	25	X		
9	5	agrees with	13	(f)	x		
9	15	agrees with	11	26	X		
9	17	agrees with		Total Amortization Expense	X		
9	18	agrees with	12-	Account 408.1	X		
9	19	agrees with	12	Total Income Taxes - Utility Operating Income	х		
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)	x		

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Page 2 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

Page No.	Line No.		Page N	io, Line No.	<u>Yes</u>	No	If No, Explain Why
9	32	agrees with	7	Interest Accrued Other (c)	x		
9	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	×		
9 .	37	agrees with	12	Account 408.2	X		
9	39	agrees with	8	Balance Transferred From Income (433)	х		
10	5	agrees with	14	(1)	X		
10	6	agrees with	14	0	Х		
14	(i)	agrees with	15	3 & 4 (b)	x		
15.	9	agrees with	15	20	х		
15	11	agrees with	9	6(c)	Х		,
Principal F	Payment Pag	je has been con	pleted		x		
Oath Page	has been o	ompleted	· · · · · · · · · · · · · · · · · · ·		х		

Case #	Date of Order	mmission orders include surcharge amounts colle , and unusual debt repayments							***************************************
					maaadhaan garaga ah qaagaan qaabaa aadaa aadaa aadaa aadaa daadaa daadaa				
								•	
•		, 1				•			
							•		
						-			
								•	
			•						
								,	
•									
		-				и			

Attach additional sheets if more room is needed

		General info	RMATION	
1.	area code, HC 60 Oa	of the principal office in Ke kley Rd - P.O. Box 707	mber and telephone number, in ntucky.	cluding the
	(606)884	-2000		
2.	be contacte	e, address and telephone numbered concerning this report. 1111ams - President	er, including area code, of th	e Person to
•	(606)884	-2000		
3.	Name and ti office and kept. "Same as	telephone number, including a	of the books of account, add rea code, where the books of	ress of account are
4.	incorporati Kentucky	on. If incorporated under a s	spondent is incorporated and pecial law, give reference to	date of such law.
	June, 19	94		· ·
5.	If the resp	ondent controls or is control	led by any other corporation,	business
	trust, or s extent of c N/A	imilar organization, give a c	concise explanation of the man	mer and
•				
•	the voting Pamela W	powers of each at the end of illiams - 100%		spondent and
7.	Give the nu	umber of employees: Full-t:	ime K Part-time:	
8.	Name of Cit the number	y, Town, Community and County of customers in each.	y in which you furnish gas se.	rvice and
:				
		PRINCIPAL C		
Line	m/+3-	Name of	Principal	Annual Salary
No.	Title	Officer or Director	Business Address	And/or Fee
1	Pres.	Pamela Williams	P.O. Box 707	9,500.00
2			Salyersville, KY 41465	
3			·	
4				
5				
6				
7	 			
8	 			
10	<u> </u>	ALA Dalmon and the second and the se		

ſ	BALANC	1 E SHEET	**************************************
Line No.	ASSETS AND OTHER DERITS	Balance	Balance Last of Year
1	ASSETS AND OTHER DEBITS UTILITY PLANT	First of Year	Dast of Year
2			
3	Utility Plant (101-107,114,116)	691,764.58	649,108.62
4	Less: Accum. Prov. for Dept., Depletion, and Amortization (108,111)	<181,469.90>	<238,000.90>
5	Net Utility Plant	510,294,68	411,107,72
6			
7	OTHER PROPERTY AND INVESTMENTS		
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)		
10	Other Special Funds (128)	•	
17			· ·
12	Total Other Property and Investments		
13			
14	CURRENT AND ACCRUED ASSETS		
15	Cash (131)	<8,757.76>	9,816.24
18	Temporary Cash Investments (135)		
17	Notes Receivable (141)		
48	Customer Accounts Receivable (142)	51,630.64	41,191.33
19	Other Accounts Receivable (143)		<u> </u>
20 .	Accum. Prov. for Uncollectible AcctsCR. (144)		
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)		
23	Prepayments (165)		
24	Miscellaneous Current and Accrued Assets (174)		
25			
28			
27	Total Current and Accrued Assets	42,872.88	51,007.57
28			
29	DEFERRED DEBITS		
30	Unamortized Debt Expense (181)		
31	Extraordinary Property Losses (182.1)		
32	Miscellaneous Deferred Debits (186)		
33	Def. Losses from Disposition of Util. Plt. (187)		•
34	Unamort Loss on Reacquired Debt (189)		
35	Accum. Deferred Income Taxes (190)		
36	Unrecovered Purchased Gas Costs (191)		
37			
38	Total Deferred Debits		
39			
40	TOTAL ASSETS AND OTHER DEBITS	553,167.56	462,115.29

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	BALANC	E SHEET	
Lin s No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
1	PROPRIETARY CAPITAL		
2	Common Stock Issued (201)		
3	Preferred Stock Issued(204)		
4	Misc. Paid-In Capital (211)		
5	Discount on Capital Stock (213)		
6	Capital Stock Expense (214)		
7	Appropriated Retained Earnings (215)		
8	Unappropriated Retained Eamings (216)	108,094.10	<42.988.37>
9	Rescoulred Capital Stock (217)	100,024110	
10	Total Proprietary Capital	108,094.10	<42,988.37>
11		100,054.10	142,3001377
12	LONG-TERM DEBT		
13	Bonds (221)		
14	Advances From Associated Companies (223)		
15	Other Long-Term Debt (224)		
16	Total Long-Term Debt		
17	OTHER NONCURRENT LIABILITIES		
18	Accum. Provision for Property Insurance (228,1)		
19	Accum. Provision for Injuries and Damage (228.2)		
20	Accum. Provision for Pensions and Benefits(228.3)		
21	Accum, Miscellaneous Operating Provisions (228.4)		
22 23	Total Other Noncument Liabilities		
24	CURRENT AND ACCRUED LIABILITIES Notes Payable (231)		200 054 22
25	Accounts Payable (232)	363,361,69	322,261.27
28	· · · · · · · · · · · · · · · · · · ·	6,911.56	
	Notes Payable to Associated Companies (233)		
27	Accounts Payable to Associated Companies (234)	29,754.29	138,299.07
28	Customer Deposits (235)	43,700.00	43,700.00
29	Taxes Accrued (236)	1,345.92	843.32
30	Interest Accrued (237)		
31	Misc. Current and Accrued Liabilities (242)		
32	Total Current and Accrued Liabilities	445,073.46	505,103.66
33	DEFERRED CREDITS		
34	Customer Advances for Construction (252)		
35	Other Deferred Credits (253)		
36	Accum. Deferred Investment Tax Credits (255)		
37	Accum. Deferred Income Taxes (281-283)		
38	Total Deferred Credits		
39			
40 .	TOTAL LIABILITIES AND OTHER CREDITS	553,167.56	462,115.29

ine	Acct	ltem	Amount
<u>No.</u> 1	No.	Gas Plant in Service-Classified (From Page 5, Line 39(f))	649,108.62
2	101.1	Property Under Capital Leases	
<u>.</u>	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5		Total	
<u>-</u>	104	Gas Plant Leased to Others	
7	105	Gas Plant Held for Future Use	
<u>.</u>	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11	 	Opti Ozo i mir wysonia	
12	 	Total Utility Plant (Forward to Page 1, line 3)	649,108.62
13	 	Less:	238,000.90
	108	Accum Prov For Depreciation of Gas Utility Plant	
14	111	Accum. Prov. for Amortization and Depletion of Gas Utility Plant	
15		Total (Forward to Page 1, line 4)	238,000,90
16		Net Utility Plant (Forward to Page 1, line 5) DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEF	411,107.72
		nvice:	238 000 00
	De	preciation	238,000.90
9	Da De	preciation pletion	238,000.90
19 20 21	De De Ari	preciation pletion oxtization	238,000.90
19 20 21 22	Da De An	preciation pletion outization otal - In Service	238,000.90
19 20 21 22 23	De De Ari T	preciation pletion portization outil - In Service ed to Others:	238,000.90
19 20 21 22 23 24	De De An 1 Leas De	preciation pletion portization otal - In Service ed to Others: preciation	238,000.90
19 20 21 22 23 24	Da De An T Leas De	preciation pletion portization otal - In Service ed to Others: preciation pletion	238,000.90
19 20 21 22 23 24 25 28	De De Arr De De Arr	preciation pletion prization obtal - In Service ed to Others: preciation pletion pletion ortization	238,000.90
17 19 20 21 22 23 24 25 26 27	De De Am De De De Am T	preciation pletion outlief in Service ed to Others: preciation polition outlief in Service ed to Others: preciation outlief in Service outlief in Service outlief in Service outlief in Service	238,000.90
19 20 21 22 23 24 25 26 27 28	De De Am Leas De De Am T Held	preciation pletion outil - In Service ed to Others: preciation pletion outil - Leased to Others for Future Use:	238,000.90
19 20 21 22 23 24 25 26 27 28 29	De De Am T Leas De De Am T T Held De	preciation pletion outization outal - In Service ed to Others: preciation pletion outization outal - Leased to Others for Future Use; preciation	238,000.90
19 20 21 22 23 24 25 28 27 28	De De Am T Leas De De Am T Leas De De Am T T Held De	preciation pletion outization outal - In Service ed to Others: preciation pletion outization outal - Leased to Others for Future Use; preciation pletion	238,000.90
19 20 21 22 23 24 25 26 27 28 29	De De Am T Lease De Am T Held De Am T De Am T Held De Am T De	preciation pletion contization cotal - In Service ed to Others: preciation pletion contization cotal - Leased to Others for Future Use; preciation pletion contization	238,000.90
19 220 21 22 22 23 24 25 26 27 28 29	De De Am T Lease De Am T Held De Am T Held T De Am T T T T T T T T T T T T T T T T T T	preciation pletion outization outal - In Service ed to Others: preciation pletion outization outal - Leased to Others for Future Use; preciation pletion outization outal - Held for Future Use	238,000.90
19 20 21 1 22 2 3 3 24 4 5 5 6 6 7 7 8 8 9 9 1 1 1 2 2 3 3 3	De De Am T Lease De Am T Held De Am T Amo	preciation pletion outil - In Service ed to Others: preciation polition outil - Leased to Others for Future Use; preciation polition outilization of Gas Plant Acquisition Adjustments	
19 20 21 22 23 24 25 26 27 28 29	De De Am T Lease De Am T Held De Am T Amo	preciation pletion outization outal - In Service ed to Others: preciation pletion outization outal - Leased to Others for Future Use; preciation pletion outization outal - Held for Future Use	238,000.90

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Page 1	4 1 of 2 GAS UTILITY PLAI sport in column (e) entries reclassifying property from one account to end	NT IN SERVICE	he orecading year sh	ould be recorded in
,	column (c) or column (d), as they are co	rections of additions of retiren	nents	
Line No,	Account (a)	Balance First of Year (b)	Additions (c)	Retirements (d)
1	Intangible Plant - Account 301-303 (Attach Schedule)			
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)			
3	TRANSMISSION PLANT Land and Land Rights (385.1)			
4	Rights-Of-Way (365,2)		,	
5	Structures and Improvements (386)			
ß	Mains (367)	538,471.20		
7	Compressor Station Equipment (368)			
8	Measuring and Regulating Station Equipment (389)			
9	Communication Equipment (370)			
10	Other Equipment (371)			
11	Total Transmission Plant			
12	DISTRIBUTION PLANT Land and Land Rights (374)		,	
13	Structures and Improvements (375)			
14	Moins (375)	· · ·		
15	Compressor Station Equipment (377)			
18	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gais (379)			
18	Services (380)		***************************************	
19	Meters (381)	40,934.79		<u> </u>
20	Meter installations (382)			
21	House Regulators (383)	22,543.85		
22	House Regulator Installations (384)	04,0404		}
23	Inclusional Measuring & Regulating Station Equipment (385)			
24	Other Property on Customers Premises (388)			
25	Other Equipment (387)			
26	Total Distribution Plant			
	GENERAL PLANT			-
27	Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)			
30	Transportation Equipment (392)			
31	Stores Equipment (393)			
32	Tools, Shop and Garage Equipment (394)	9,892.52		
33	Laboratory Equipment (395)			
34	Power Operated Equipment (398)	72,962.56		
35	Communication Equipment (397)			
38	Miscellaneous Equipment (398)	6,959.66		
37	Other Tangible Property (399)			
38	Total General Plant			
39	TOTAL GAS PLANT IN SERVICE	691,764.58		

Page 2 Report	I in column (a) arides recipasity'ng property from one account to another	. Corrections of entries of the pri	eceding year should be recorde
	in column (c) or column (d), as they are correct	tions of additions or retirements	
Line No.	Account (a)	Adjustments (+ or -)	Balance End of Year (f)
1	Intangible Plant - Account 301-303 (Attach Schedule)	**/	
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)		
	TRANSMISSION PLANT		
3	Land and Land Rights (365.1) Rights-Of-Way (365.2)		
5	Structures and Improvements (366)		
6	Mains (367)		538,471.20
7	Compressor Station Equipment (368)		330,471.20
В	Measuring and Regulating Station Equipment (369)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
	DISTRIBUTION PLANT		
12	Land and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)		
15	Compressor Station Equipment (377)		
16	Measuring and Regulating Station Equipment - General (378)	`	
17	Measuring & Regulating Station Equipment - City Gate (979)		
18	Services (380)		
19	Meters (381)		40,934.79
20	Meter installations (382)		
21	House Regulators (383)		
22	House Regulator Installations (384)		22,543.85
23	Industrial Measuring & Regulating Station Equipment (385)		
24	Other Property on Customers Premises (386)		
25	Other Equipment (387)		
26	Total Distribution Plant		
27	GENERAL PLANY Land and Land Rights (389)		·
28	Structures and Improvements (390)		
29	Office Furnituse and Equipment (391)		
30	Transportation Equipment (392)		
31	Storae Equipment (393)		
32	Tools, Shop and Garage Equipment (394)		9,892.52
33	Laboratory Equipment (395)		
34	Power Operated Equipment (396)	<42.655.96>	30,306.60
35	Communication Equipment (397)		
36	Miscellaneous Equipment (398)		6,959.66
37	Other Tangible Property (399)		
38	Total General Plant		
39	TOTAL GAS PLANT IN SERVICE	(42,655.96)	649,108.62

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Line No.		A	mount					
1	Balance Beginning of Year				181.4	169.90		
2	Accruals for Year:							
3	Depreciation				62,6	27.00		
4	Depletion							
5	Amortization							
6	Other Accounts (detail):							
7								
8								
9	Total Accruals for Year			<u> </u>	62,	527.00		
10	Credit Adjustments (describe):							
11								
12								
13	Total Credits for Year							
14								
15	Net Charges for Plant Retired:							
16	Book Cost of Plant Retired (same	as Page 4, Line 3	9(d))		XXXXXXXXXX			
17	Add: Cost of Removal				XXXXX	XXXXXXXXXXXX		
18	Less: Salvage				XXXXXXXXXXXX			
19	Net Charges for Plant Retired		· · · · · · · · · · · · · · · · · · ·					
20	Debit Adjustments(describe):							
21 22	Adjustment for Trade	d Vehicle	(Shareho)	der)	×6.	096,00>		
22 23	<u>. i</u>							
<u>23</u> 24	Total Debit Adjustments for Year				<u> </u>	096.00>		
25	Balance End of Year				238	000.90		
				•	12307			
		CAPITAL STO						
		No. of	Par Value Per Share	Stated Val. Per Share		anding nce Sheet		
	Class and Series of Stock (a)	Shares Auth, (b)	of Par Value Stk (c)	of Nonpar Stock (d)	Shares (e)	Amount (f)		
	N/A							
	~							

	L	ONG-T	7 ERM E	EBT		
List Each Original Issue Amt.,	Date of	Date		Outstand Per Balai		terest Expense or The Year
Class & Series of Obligation (a)	lssue (b)	Matu (c)		Sheet (d)	Rate (e)	Amount (f)
Total						
	N	OTES	AYA	BLE		
Name of Payee (a)		No (b))	Date of Maturity (c)		Balance End of Year (e)
Loans from Shareholder US Small Business Admin.	istratio	Vario	us 28-04	11-28-0	. 0% 04 2.9%	6,208.95 316,052.32
					.,,	
,						
Total						322,261.27
		EREST				
Description of Obligation	Int.Acc Balanc First of Y	e l	D	. Accr. ' uring Year	Int, Paid During Year	Interest Accrued Balance End of Year
(a) Long Term Debt:	(b)	ear		(c)	(d)	(e)
Long Tellin Debt.						
Note Payable:	-0-		10,	619.16	10,619.16	~0×
Customer Deposits:				·		
Other:						
Total	-0-		10	,619.16	10,619.16	-0-

8		· · · · · · · · · · · · · · · · · · ·
MISCELLANEOUS CURRENT AND AC	CRUED LIABILITIE	S
Sub-Account and Description		Amount
		-
		,
Total		
	<u> </u>	
STATEMENT OF RETAINED EARNING	GS FOR THE YEAR	,
ltem	This Year	Last Year
(a)	(b)	(c)
UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216): Balance Beginning of Year		
Balance Transferred From Income (433)	108,094,10	137,065.94
Misc. Credits (Specify Account Number & Title):	(10,025,75)	(20/3/1/04/
(append) (cooling ranges of range).		
Total Credits to Unappropriated Retained Earnings		<u> </u>
Total Oredits to Oriappiopriated Retained Eathings		
Dividends Declared-Preferred Stock (437)		
Dividends Daclared-Common Stock (438)		
Miscellaneous Debits (Specify Account Number & Title):		
Adjustments to Retained Earnings (439) (Describe)		
To Adjust Prior Book Income to PSC Report	<135,058.72> <135,058.72>	<u> </u>
Total Debits to Unappropriated Retained Earnings Vet Addition to Unappropriated Retained Earnings	(135,058.72)	
Balance End of Year	<42,988.37>	108,094.10
materian major for the training to the second secon		1,

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	STATEMENT OF INCOME FO	R THE YEAR			
Line No.	Account (a)	Average No. Customers (b)	MCF of Nat. Gas Sold (c)	Amount (d)	
1	OPERATING REVENUES Residential Sales (480)	445	47,284	<u> </u>	
2	Commercial and Industrial Sales (481)	4.0			
3	Interdepartmental Sales (484)	12	876		
4	Total Sales to Ultimate Consumers		 		
5	Sales for Resule (483)			 	
6	Total Gus Service Revenues	457	48,160	268,858.2	
7	OTHER-OPERATING REVENUES Forfeited Discounts (487)		1 407100	200,030.2	
В	Miscellaneous Service Revenues (488)				
9	Revenues From Transportation of Gas of Others (489)				
10	Revenues From Natural Gas Processed by Others (491)				
11	Rent From Gas Property (493)	······································			
12	Other Gas Revenues (495)				
13	Total Other Operating Revenues	·			
4	Total Gas Operating Revenues			268,858.2	
	OPERATING EXPENSES Total Gas Operation & Maintenance Expenses (from page 11, line 25)			199,887.6	
6	Depraciation Expense (403)			62,627.0	
	Amortization Expanse (404-407) (from page 12)		02,027.50		
	Toxes Other Than Income Taxes (408.1) (from page 12)				
	Total Income Taxes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from page	12)		11,493.20 255.00	
	Total Gas Operating Expenses			274,262.88	
•	Not Operating Income			<5,404.59	
	OTHER INCOME Other Norurility Income — Net (415-418)				
	tibrest and Dividend income (419)				
, N	fiscellaneous Nonoperating income (421)				
	ither Accounts (Specify Account Number and Title):				
	Total Other Income				
	OTHER DEDUCTIONS				
	terest on Long-Term Debt (427)				
- 1	mortization of Debt Discount and Expense (428)				
	ther Normality Deductions (428.1 - 428.5)				
	her Interest Expense (431)			10,619.16	
	tal Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 411.5) (from	Page 12)			
15	her Accounts (Specify Account Number and Title):				
Ta	xes Other Than Income Taxes (408.2) (from Page 12)				
+-	Total Other Deductions				
	TINCOME		1		

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	<u> </u>	
	GAS OPERATION AND MAINTENANCE EXPENSES	
Line No.	Account (s)	Amount (b)
1	MANUFACTURED GAS PRODUCTION Total-Account 710-742 (Attach Schedule by Accounts)	
2	NATURAL GAS PRODUCTION EXPENSES Total-Account 750-791 (Attach Schedule by Accounts)	
3	EXPLORATION AND DEVELOPMENT EXPENSES Total-Account 795-798 (Attach Schedule by Accounts)	
4	STORAGE EXPENSES Total-Account 814-843 (Attach Schedule by Accounts)	
5	OTHER GAS SUPPLY EXPENSES Natural Gas City Gate Purchases (804)	144,480.00
6	Other Gas Purchases (805)	
7	Purchased Gas Cost Adjustments (805.1)	
8	Purchased Gas Expenses (807)	
9.	Gas Withdrawn From Storage - Dabit (808.1)	
10	Gas Delivered to Storage - Credit (808.2)	
11	Gas Used For Other Utility Operations - Credit (812)	
12	Other Gas Supply Expenses (813)	
13	: Total Other Gas Supply Expenses	144,480.00
14	TRANSMISSION EXPENSES Operation Supervision and Engineering (850)	7447400100
15	Compressor Station Labor and Expenses (853)	
16	Measuring and Regulating Station Expenses (857)	
17	Transmission and Compression of Gas by Others (858)	
18	Rents (860)	
19	Maintenance of Mains (863)	
20	Maintenance of Compressor Station Equipment (864)	
1	Total Transmission Expenses	
2	DISTRIBUTION EXPENSES Operation Supervision and Engineering (870) Compressor Station Labor and Expenses (872)	
	Mains and Services Expenses (874)	
	Measuring and Regulating Station Expenses (875)	
j	Meter and House Regulator Expenses (678)	
i i	Other Expenses (680)	
	Rents (881)	
	Maintenance Supervision and Engineering (885)	
	Maintenance of Mains (887)	
	Maintenance of Services (892)	
	Maintanance of Meters and House Regulators (893)	
	Maintenance of Other Equipment (894)	
•	Total Distribution Expenses	144,480.00

ine	GAS OPERATION AND MAINTENANCE EXPENSES (CON'L)	······································
io.	Account (a)	Amount (b)
	CUSTOMER ACCOUNTS EXPENSE	
	Meter Reading Expenses (902)	0
	Customer Records and Collection Expenses (903)	
	Uncollectible Accounts (904)	
	Total Customer Accounts Expense	
	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
	Miscellaneous Customer Service and Informational Expenses (910)	
\exists	ADMINISTRATIVE AND GENERAL EXPENSES	
\perp	Administrative and General Salaries (920)	9,500.00
	Office Supplies and Expenses (921)	7,723.55
1	Administrative Expenses Transferred - Credit (922)	
	Outside Services Employed (923)	
7	Property Insurance (924)	
	Injuries and Damages (925)	
	Employee Pensions and Benefits (926)	
1	Franchise Requirements (927)	
7	Regulatory Commission Expenses (928)	
1	Duplicate Charges - Credit (929)	·
7	Seneral Advertising Expenses (930.1)	406.10
7	Miscellaneous General Expenses (930.2)	36,504.59
7	Rents (931)	1,273.44
Ä	Maintenance of General Plant (932)	
\dagger	Total Administrative and General Expenses	55,407.68
I		
	·	
1	OTAL GAS OPERATION AND MAINTENANCE EXPENSES (to Page 9, Line 15)	199,887.68
	NUMBER OF CUSTOMERS End of Year	
skle	ontial (480)	445
mm	ercial and industrial (481)	12
erde	partmental Sales (484)	
Tota	al - Ultimate Customer	
les f	or Resale (483)	
4-1 6	Sas Service Customers	457

	TAXES OTHER THAN INCOME TAXES (408)	
	Show hereunder the various tax items which make up the amounts listed Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37.	under
Line	Item	Amount
No.	(a)	(b)
1	Payroll Taxes	1,654.50
2	Public Service Commission Assessment	
3	Other (Specify):	
4	Other Tax & License	4,587.71
5	School Tax	5,250.99
6		
7 8		_
9	Total (Same as page 9, lines 18 and 37)	22 402 00
	Trotal (Carrie as page 3, lines 10 and 37)	11,493.20
	OPERATING AND NONOPERATING INCOME TAXES	
Acct.	Account	Amount
No.	(a)	(b)
409.1	Income Taxes, Utility Operating Income - Federal	
409.1	Income Taxes, Utility Operating Income - State	255.00
409.1	Income Taxes, Utility Operating Income - Other	
410.1	Provision for Deferred Income Taxes, Utility Operating Income	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4	Investment Tax Credit Adjustments, Utility Operations	
	Total Income Taxes - Utility Operating Income (to page 9, line 19)	255.00
409.2	Income Taxes, Other Income & Deductions - Federal	
409.2	Income Taxes, Other Income & Deductions - State	
409.2	Income Taxes, Other Income & Deductions - Other	
410.2	Provision for Deferred Income Taxes, Other Income & Deductions	
411.2	Provision for Deferred Income Taxes - Credit, Other Income & Deductions	
411.5	Investment Tax Credit Adjustments, Nonutility Operations	
	Total Income Taxes - Nonutility Operating Inc. (to page 9, line 33)	
,	AMORTIZATION EXPENSE	
Acct.	Account	Amount
No.	(a)	(b)
404.1	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense (Same as page 9, line 17)	

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1. Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.

 Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured gas.

gas.

3. Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.

4. Designate any sales which are other than firm sales, i.e., sales for storage, etc.

2. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.

Point of Delivery (b)	FERC Tariff Rate Sch. Design (c)	Approx. BTU per Cubic Foot (d)	MCF of Gus Sold (14,73 PSIA 60 F) (e)	Revenue for Year (see #5, above) (f)	Average Revenue per MCF (g)
				į	
		e .			
				<u> </u>	
* **					
	Point of Delivery	Point of Delivery Rate Sch. Design	Point of Delivery Rate Sch. Design Cubic Foot	Point of Delivary Rate Sch. Design Cubic Foot (14.73 PSIA 60 F)	Point of Delivary Rate Sch. Design Cubic Foot (14.73 PSIA 60 F) (see #5, above)

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JUNES PACK CPA

PAGE

1. Report particulars of gas purchases during the year. 2. Natural gas for the purpose of classification herein is either natural gas unmixed, or any mixture of natural and manufactured gas. 3. Provide subheadings and totals for prescribed accounts 804-Natural Gas Cky Gate Purchases, and 805 - Other gas Purchases. 4. Where purchases are from that in column (a) and give name of unit operator, principal partner, or largest owner of joint interest; as approp. 5. For well head and field line purchases indicate the gas field or production area, county and state. 8. Field purchases of less than \$25,000 per year from individual non-associated vendors may be grouped by fields or production areas, 5,000 per year from individual non-associated vendors may be grouped by fields or production areas. Show in column (c) the Seller's FERC rate schedule designation and date of contract, including such designations for purchases from independent producers. Intrastate purchases for which there is no required filing of a FERC rate schedule shall be specified "intrastate", and dates of contracts shown. If for any purchases more than one rate schedule was in effect during the year, show the most recent rate schedule designation and in a footnote give superseded rate schedules and date of supersection, or a succinit deplanation. The Operator's rate schedule designation is sufficient in cases where there are no co-owners under the same purchase contract, but the entire volume of gas and amount, columns (h) must be shown for the purchase under the particular contract. Rate schedule designations are not required with respect to small purchases grouped as penalited in instruction 6.

screened consignations are	HOL TEQUIES WITH TES	Sect to small purchase	a trouper		propriete Clas		<u> </u>	T	T	T
Name of Vendor (Designate Associated Companies) (a)	Point of Receip! (b)	Selects FERC Rate Schedule Designation and Date of Contract (c)	Well Mouth (d)	Field Line (9)	Gascins Plant Outlet (f)	Other (g)	Approx. BTU per Cubic Foot (h)	MCF of Gas 14.73 PISA 60 F (f)	Amount (i)	Avg. Amt. per MCF (cents) (k)
PLJ Resources, Inc.	Salyersvil KY	le .	·	x				48,160	144,480.0	0 3.00
*										
						`				
			-)
•										
		-								
		,				-, "				
•						,				
	•	-							1	
		-								
		٠.								

GAS ACCOUNT - NATURAL GAS

- 1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
- 2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
- if the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	Item (a)	MCF (14.73 PSIA at 60 F) (b)
	GAS RECEIVED	
1	Natural Gas Produced	
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	48,160
4	Other Gas Purchases (Account 805)*	
5	Other Receipts (Specify):	
6	-	
7		
8		
9	Total Receipts	48,160
10		
11	GAS DELIVERED Natural Gas Sales (same as page 9, column (c), line 6)	48,160
12	Other Deliveries (specify):	
13		
14		
15		
16	Total Deliveries	48,160
17		
18	Unaccounted for Gas	
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	48,160

This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas

PERTINENT NOTES TO THE EXHIBITS AND SUPPORTING SCHEDULES CONTAINED IN THIS ANNUAL REPORT

OATH	
Commonwealth ofKentucky	.)
County of) ss: _)
	•
, Pamela Williams	having appeared before
the undersigned officer duly authorized t	o administer oaths and being duly
sworn, state under oath that I am Pamel	a Williams of
BTU Gas Company, Inc.	("Respondent"); that I
have supervision over the books of account	nt and other financial records of the
Respondent and have control over the man	ner in which they are kept; that such
books and records have, during the period of	overed by the foregoing report, been
maintained in good faith in accordance with	the accounting and other orders of
the Public Service Commission of Kentucky	; that I have carefully examined the
foregoing report and to the best of my kr	nowledge and belief the information
contained in this report is, so far as it	relates to matters of accounts, in
accordance with the said books of accoun	nt; that all other statements of fact
contained in the foregoing report are true;	,
correct and complete statement of the busin	
every respect and manner during the period	•
January 1 2005 to and including D	ecember 31 , 2005
	(Signature of Officer)
Subscribed and sworn to before me, a	in
and for the State and County named is	n the above this day of
, 20	
	(Apply Seal Here)
My Commission Expires	·
	• • • • • • • • • • • • • • • • • • • •
(Signature of officer au	thorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

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<u>OATH</u>
Commonwealth of Kentucky
County of Floyd)ss:
-
I, <u>Pamela Williams</u> , having appeared before
the undersigned officer duly authorized to administer oaths and being duly
sworn, state under oath that I am Pamela Williams of BTU Gas Company, Inc. ("Respondent"); that I
BTU Gas Company, Inc. ("Respondent"); that I
have supervision over the books of account and other financial records of the
Respondent and have control over the manner in which they are kept; that such
books and records have, during the period covered by the foregoing report, been
maintained in good faith in accordance with the accounting and other orders of
the Public Service Commission of Kentucky; that I have carefully examined the
foregoing report and to the best of my knowledge and belief the information
contained in this report is, so far as it relates to matters of accounts, in
accordance with the said books of account; that all other statements of fact
contained in the foregoing report are true; and that the foregoing report is a
correct and complete statement of the business and affairs of the Respondent in
every respect and manner during the period of time from and including
January 1 , 2005 , to and including December 31 , 2005
(Signature of Officer)
Subscribed and sworn to before me, a <u>Notary</u> , in
and for the State and County named in the above this And day of
April , 20 06
(Apply Seal Here)
My Commission Expires January 21st, 2007
Lamuel E Ratiff
(Signature of officer authorized to administer path)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

Amended 8/23/2005

Class C and D Gas Utility

ANNUAL REPORT

OF

BTU Gas Company Inc

Exact Legal Name of Reporting Utility

P.O. Box 707

Salyersville, KY 41465

(Address of Utility)

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 20 06

Amended 8/23/2005

Class C and D Gas Utility

ANNUAL REPORT OF

<u>-</u> .
BTU Gas Company, Inc.
Exact Legal Name of Reporting Utility
P.O. Box 707
Salyersville, KY 41465

TO THE

(Address of Utility)

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2006

PUBLIC SERVICE COMMISSION OF KENTUCKY PRINCIPAL PAYMENT AND INTEREST INFORMATION FOR THE YEAR ENDING DECEMBER 31, 20 06

1. Amount of Principal Pa	ayment during caler	ndar year \$	}		
2. Is Principal current?	(Yes)	(No)			
3. Is Interest current?	(Yes)	(No)			
4. Has all long-term debt	been approved by t	the Public	Service		
Commission?					•
Yes No	PSC Case Numbe	r			
INDEPE	SERVICES PEI			ANT	
Are the financial sta (Yes) (No)		i by a	Certified	Public	Accountant?
lf yes, which service was	performed?				
Audit Compliation Review					

Please enclose a copy of the accountant's report with the annual report.

09/20/2009 11:55

6062853812

PAGE

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Page No.	Line No	<u>o.</u>	Page N	lo. Line No.	Yes	No	If No, Explain Why
1	3	agrees with	. 3	12	х		
1	4	agrees with	3	15	x		
1	5	agrees with	3	16	х		
2	2&3	agrees with	6	Capital Stock (f)	x		
2	8	agrees with	В	Account 216 Balance End of Year (b)	x		
2	16	agrees with	7	Long Term Debt Total (d)	х		
2	24	agrees with	7	Notes Payable Total (e)	х		
2	30	agrees with	7	Interest Accrued Total (e)	х		
2	31	agrees with	8	Misc, Current and Accrued Liabilities	х		
3	1	agrees with	5	39(f)	х		-
3	15	agrees with	3	34	Х		
3	15	agrees with	6	25	x		
9	5	agrees with	13	(1)	x		
9	15	agrees with	11	26	х		
9	17	agrees with	12	Total Amortization Expense	x		
9	18	agrees with	12	Account 408.1	x		
9	19	agrees with	12	Total Income Taxes - Utility Operating Income	х		
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)	х		

ţ

Case 10-70767-tnw Doc 44-2 Filed 12/08/10 Entered 12/08/10 16:02:25 Desc Exhibit D Annual Reports 2007 thru 2004 Page 29 of 95 Page 2 of 2

AUDIT OF THE ANNUAL REPORT

GAS COMPANIES

	Page No.	Line No.]	Page No	Line No.	<u>Yes</u>	No	If No. Explain Why
	9	32	agrees with	7	Interest Accrued Other (c)	X		
•	ð	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	х		
•	9	37	agrees with	12	Account 408.2	х		
	9	39	agrees with	8	Balance Transferred From Income (433)	х		
	10	5	agrees with	14	(i)	х		
	10	6	agrees with	14	0)	х		
	14	(1)	agrees with	15	3 & 4 (b)	х		
	15	9	agrees with	15	20	х	· · · · · · · · · · · · · · · · · · ·	
	15	11	agrees with	9	6(c)	х		
	Principal	Payment Pag	je has been con	npleted		x		
	Oath Pag	e has been c	completed			х		

Additional information Required by Commussion Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments

Case #	Date of Order	item/Explanation
,		
		·
	7++>	additional sheets if more room is needed

		GENERAL INF	CRMATION						
	. Give the location, including street a number and telephone number, including the area code, of the principal office in Kentucky. HC 60 Dakley Rd - PO Box 707 Splyoreville RV 41465								
	(606) 884-2000								
2.	(606) 884-2000 Name, title, address and telephone number, including area code, of the Person to								
3	be contact	ed concerning this report.							
	Pamela W (606) 88	illiams - President 4-2000							
-			y of the books of account, ad	Attenda Af					
J, 1	office and	telephone number, including	area code, where the books of	account are					
1	cept.	M							
	"Same as	Above"							
1	ncorporat:		espondent is incorporated and special law, gave reference t						
	Kentucky June, 19:	24							
			lled by any other corporation concise explanation of the ma						
e	xtent of c		concide explanation of the ma	met and					
1	A/N								
			major stockholders of the re	spondent and					
Į	ne voting Pamela Wi	powers of each at the end of . 11iams - 100%	the year.						
_									
-									
7. 6	ive the nu	umber of employees: Full-t;	ime 1 Part-time:						
B. N	lame of Cit	v. Town, Community and County	y in which you furnish gas se	rvice and					
t	he number	of customers in each.	, ,						
<u>N</u>	agotfin	County							
		PRINCIPAL O	FFICERS						
Line	·	Name of	Principal	Annual					
No.	Title	Officer or Director	Business Address	Salary					
1101	1	VIIICUI VI DILUGIOI	Data Micon Manual	And/or					
				Fee					
1	Pres	Pamela Williams	PO Box 707	-0-					
2			Salyersville, KY 41465						
3									
4			·						
5									
7									
8									
9									
10									

	BALANCE	SHEET	
Line No.	ASSETS AND OTHER DEBITS	Balance	Balance
1	UTILITY PLANT	First of Year	Last of Year
2			
3	Utility Plant (101-107,114,116)	649,138.62	657,957.12
4	Less: Accum. Prov. for Depr., Depletion, and Amortization (108,111)	<238,000.90>	<301,259.90>
5	Net Utility Plant	411,107.72	356,697.22
6			
7	OTHER PROPERTY AND INVESTMENTS		
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)		
10	Other Special Funds (128)		
11			
12	Total Other Property and Investments		
13			
14	CURRENT AND ACCRUED ASSETS		
15	Cash (131)	9,816.24	12,677.05
16	Temporary Cash Investments (138)		
17	Notes Receivable (141)		
18	Customer Accounts Receivable (142)	41,191,33	41,230,54
19	Other Accounts Receivable (143)		
20	Accum. Prov. for Uncollectible AcctsCR. (144)		
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)		
23	Prepayments (165)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
24	Miscellaneous Current and Accrued Assets (174)		
25			
26		L. M. C.	
27	Total Current and Accrued Assets	51,007.57	53,907.59
28			
29	DEFERRED DEBITS		
30	Unamonized Debt Expense (181)		•
31	Extraordinary Property Losses (182.1)		
32	Miscellaneous Deferred Debits (186)		
33	Def. Losses from Disposition of Util. Plt. (187)		
34	Unamort. Loss on Reacquired Debt (189)		
35	Acoum, Deferred income Taxes (190)		A 100 100 100 100 100 100 100 100 100 10
36	Unrecovered Purchased Gas Costs (191)		# 1 Mile 18 day
37			
38	Total Deferred Debits		
39			
40	TOTAL ASSETS AND OTHER DEBITS	462,115.29	410,604,81

<u> </u>	BALANC	2 E SHEET	
Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
1	PROPRIETARY CAPITAL	170101100	Lust of 10at
2	Common Stock Issued (201)		
3	Preferred Stock Issued(204)		
4	Misc. Paid-In Capital (211)		·
5	Discount on Capital Stock (213)		
6	Capital Stock Expense (214)		
7	Appropriated Retained Earnings (215)		
8	Unappropriated Retained Earnings (216)	(42,988.37)	<47,072.92>
9	Reacquired Capital Stock (217)		
10	Total Proprietary Capital	<42,988.37>	(47,072.92)
11			
12	LONG-TERM DEBT		
13	Bonds (221)		
14	Advances From Associated Companies (223)		
15	Other Long-Term Debt (224)		
16	Total Long-Term Debt		
17	OTHER NONGURRENT LIABILITIES		
18	Accum. Provision for Property Insurance (228.1)		
19	Accum. Provision for Injuries and Damage (228.2)		
20	Accium, Provision for Pensions and Benefits(228.3)		
21 22	Accum. Miscellaneous Operating Provisions (228.4) Total Other Noncurrent Liebilities		
23	CURRENT AND ACCRUED LIABILITIES		
24	Notes Payable (231)	222 261 27	200 646 06
25	Accounts Payable (232)	322,261.27	309,646.06
26	Notes Payable to Associated Companies (233)		
27	Accounts Payable to Associated Companies (234)		
28	Customer Deposits (235)	138,299.07	. 104,156.67
29	Taxes Accrued (238)	43,700.00	43,700.00
		843,32	175.00
30	Interest Accrued (237)		
31	Misc. Current and Accrued Liabilities (242)		
32	Total Current and Accrued Liabilities	505,103.66	457,677.73
33	DEFERRED CREDITS		
34	Customer Advances for Construction (252)		
35	Other Deferred Credits (253)		
36	Accum. Deferred investment Tax Credits (255)		
37	Accum. Deferred income Taxes (281-283)		· · · · · · · · · · · · · · · · · · ·
38	Total Deferred Credits		Í
39			
40	TOTAL LIABILITIES AND OTHER CREDITS	462,115.29	410,604.81

Line No.	Acct.	Item	Amount
1	101	Gas Plant in Service-Classified (From Page 5, Line 39(f))	657,957.12
2	101.1	Property Under Capital Leases	
3	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5	1	Total	
6	104	Gas Plant Leased to Others	
7	105	Gas Plant Held for Future Use	
₿	107	Construction Work in Progress-Gas	
Đ	114	Gas Plant Acquisition Adjustments	
10	116	Other Gas Plant Adjustments	
11	 		
12		Total Utility Plant (Forward to Page 1, line 3)	657,957.12
13		Less:	301,259.90
14	108	Accum. Prov. For Depreciation of Gas Utility Plant Accum, Prov. for Amortization and Depletion of Gas Utility Plant	
15		Total (Forward to Page 1, line 4)	
16	↓	Net Utility Plant (Forward to Page 1, line 5)	301,259.90
10	<u> </u>		356,697.22
		DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPLE AMORTIZATION OF GAS UTILITY PLANT	ETION AND
	In Se	AMORTIZATION OF GAS UTILITY PLANT	
19	De	AMORTIZATION OF GAS UTILITY PLANT rvice:	301,259,90
19 20	De _i	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation	
19 20 21	Dej Dej Am	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation platfon	
19 20 21	Dej Dej Am	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation plation ortization	
19 20 21 22 23	Dej Dej Am T Lease Dej	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition portization political - In Service polition preciation preciation	
19 20 21 22 23 24	Dej Dej Am T Lease Dej	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation plation ortization otal - in Service ad to Others:	
19 20 21 22 23 24	Dej Dej Am T Leasi	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition portization political - In Service polition preciation preciation	
19 20 21 22 23 24 25	Dej Dej Am T Least Dej Dej Am	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation plation ortization otal - In Service and to Others: preciation ortization ortization ortization ortization ortization ortization	
19 20 21 22 23 24 25 26	Dej Am T Leasi Dej Am Total	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition ortization otal - In Service ad to Others: preciation politication ortization	
19 20 21 22 23 24 25 28 27 28	Dej Am T Leasi Dej Am Total	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition ordization otal - In Service ad to Others: preciation politication politication ordization ordization ordization ordization ordization ordization ordization ordization ordization ordication ordication	
19 20 21 22 23 24 25 26 27 28	Dej Dej Am Ti Leasi Dej Dej Am Ti Held Dej	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition ortization otal - in Service ad to Others; preciation politization ortization politization ortization	
17 19 20 21 22 23 24 25 26 27 28 29 30	Dej Dej Am T. Leasi Dej Dej Am Tti Held Dej Dej Am	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polision portization polision portization polision portization	
19 20 21 22 23 24 25 26 27 28 29 30	Dej Dej Am Ti Leasi Dej Am Ti Held Dej Am To	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition portization port	
19 20 21 22 23 24 25 26 27 28 29 30 31	Dej Dej Am Ti Leasi Dej Am Ti Held Dej Dej Am Ti Hend Am Ti Amori	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition portization politication of Gas Plant Acquisition Adjustments	301,259,90
19 20 21 22 23 24 25 26 27 28 29 30	Dej Dej Am Ti Leasi Dej Am Ti Held Dej Dej Am Ti Hend Am Ti Amori	AMORTIZATION OF GAS UTILITY PLANT rvice: preciation polition portization port	

93/20/20285e1105707679ർമുടെ 2000 44-2 Filed 12/10ൽ (PACE intered 12/08/10 16:02:25AGE Desc Exhibit D Annual Reports 2007 thru 2004 Page 35 of 95

	column (c) or column (d), as they are co		Additions	Retirements
Line No.	(a)	Balance First of Year (b)	Additions (c)	(d)
1	Intangible Plant - Account 301-303 (Attach Schedule)			
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)		-	
3	TRANSMISSION PLANT Land and Land Rights (385.1)			
4	Rights-Of-Way (365.2)			
5	Structures and Improvements (366)			
в	Mains (367)	538,471.20		
7	Compressor Station Equipment (388)			
8	Measuring and Regulating Station Equipment (369)			
9	Communication Equipment (370)			***************************************
10	Other Equipment (371)			· · · · · · · · · · · · · · · · · · ·
11	Total Transmission Plant			-
12	DISTRIBUTION PLANT Land and Land Rights (374)			4
13	Structures and Improvements (375)			
14	Mains (376)			
15	Compressor Station Equipment (377)			
16	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gate (379)			
18	Services (380)			
19	Meters (381)	40,934.79	8,848.50	
20	Meter Installations (382)			
21	House Regulators (383)	22,543.85		
22	House Regulator Installations (384)	***************************************	•	
23	Industrial Measuring & Regulating Station Equipment (385)			
24	Other Property on Customers Premises (388)			
25	Other Equipment (367)			
26	Total Distribution Plant			
27	GENERAL PLANT Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)			
30	Transportation Equipment (392)			, , , , , , , , , , , , , , , , , , , ,
31	Stores Equipment (393)			
32	Tools, Shop and Garage Equipment (394)	9,892.52		
33	Laboratory Equipment (395)			
34	Power Operated Equipment (396)	30,306.60		
35	Communication Equipment (397)			
36	Miscellaneous Equipment (398)	6,959.66		
17	Other Tangible Property (399)			
8	Total General Plant			
19	TOTAL GAS PLANT IN SERVICE	649,108.62	8,848.50	

89/20/2008se1106507650120530Doc 44-2 Filed 12/00/25 OPACE retained 12/08/10 16:02:25 AGE Desc Exhibit D Annual Reports 2007 thru 2004 Page 36 of 95

	5		
Page :	2 of 2 GAS UTILITY PLANT it in column (e) entries reclassifying property from one account to anothe in column (c) or column (d), as they are come	r. Corrections of entries of the p	receding year should be recorded s
Lina No.	Account (a)	Adjustments (+ or -)	Balance End of Year (f)
1	Intangible Plant - Account 301-303 (Attach Schedule)		
2	Gas Production, Storage and Protessing Plant - Account 304-304 (Attach Schedule)		
3	TRANSMISSION PLANT Land and Land Rights (385.1)		
4	Rights-Of-Way (385.2)		
5	Structures and Improvements (386)	, , , , , , , , , , , , , , , , , , , ,	
8	Mains (367)		538,471.20
7	Compressor Station Equipment (368)		
8	Measuring and Regulating Station Equipment (389)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
12	DISTRIBUTION PLANT Lend and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)	**************************************	
15	Compressor Station Equipment (377)	· · · · · · · · · · · · · · · · · · ·	
16	Measuring and Regulating Station Equipment - General (378)		
17	Measuring & Regulating Station Equipment - City Gata (379)		
18	Services (380)		
19	Meters (381)		49,783.29
20	Meter Installations (382)		177.03,23
21	House Regulators (383)		22,543.85
22	House Regulator installations (384)		22,01010
23	Industrial Measuring & Regulating Station Equipment (385)		
24	Other Property on Customers Premises (385)		
25	Other Equipment (387)		
26	Total Distribution Plant		
27	GENERAL PLANT Land and Land Rights (389)		
28	Structures and Improvements (390)		
29	Office Furniture and Equipment (391)		· · · · · · · · · · · · · · · · · · ·
30	Transportation Equipment (392)		A STATE OF THE STA
31	Stores Equipment (393)		
32	Tools, Shop and Garage Equipment (394)		9,892.52
33	Laboratory Equipment (395)		2,022.02
34	Power Operated Equipment (398)		30,306.60
35	Communication Equipment (397)		
36	Miscellaneous Equipment (398)		6,959,66
37	Other Tangible Property (399)		
38	Total General Plant		
39	TOTAL GAS PLANT IN SERVICE		657,957.12

∟ine No.			Amount					
1	Balance Beginning of Year			***************************************	238	,000.90		
2	Accruals for Year:		<i>, </i>					
3	Depreciation	Depreciation						
4	Depletion					,259 <u>.00</u>		
5	Amortization							
6	Other Accounts (detail):							
7								
8						·		
9	Total Accruals for Year				63	,259.00		
10	Credit Adjustments (describe):							
11								
12								
13	Total Credits for Year							
14								
15	Net Charges for Plant Retired:					· · · · · · · · · · · · · · · · · · ·		
16	Book Cost of Plant Retired (same a	s Page 4, Line	39(d))	7	XXXX	ÖXXXXXXXX		
17	Add: Cost of Removal			<u> </u>		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		
18	Less: Salvage			_		XXXXXXXXXX		
19	Net Charges for Plant Retired				1			
20	Debit Adjustments(describe):							
21								
22	-			7- p				
23	Total Debit Adjustments for Year	· · · · · · · · · · · · · · · · · · ·						
24								
25	Balance End of Year				301	259.90		
		CAPITAL STO	ск					
		No. of	Par Value Per Share	Stated Val. Per Share	Outst Per Balar	ending nce Sheet		
	Class and Series of Stock (a)	Shares Auth. (b)	of Par Value Stk (c)	of Nonpar Stock (d)	Shares (e)	Amount (f)		
	N/A							

				-				

	·	~~~	7	FOT			
	L	ONG-T	ERM C		, ,		
			_ 1	Outstand		ln	terest Expense
List Each Original Issue Amt.,	Date of	Date				Rate	or The Year Amount
Class & Series of Obligation	(b)	Matu (c		(d)		(e)	(f)
(a)	1 (1)	1		(u)		-(0)	
The state of the s							
		<u> </u>					
		<u> </u>					
		 	-				
Total		 -		*** ——————————————————————————————————			
	4	IOTES	PAYA	BLE			
			e of	Date of		nterest	Balance End
Name of Payee			te	Maturity	<i>'</i>	Rate	of Year
(a)			<u>) </u>	(c)		(d)	<u>(e)</u>
Loan from Shareholder US Small Business Admir) .	<u>vari</u> 11-2	0U5 8-04	<u> </u>		2,9	6,208,95 303,437,11
	•		5-04		\dashv	2,2	203,437.11
					_		
							444
Chapter of the second s					$\neg \vdash$,
					_		
					\dashv		
Total		·····		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	INT	EREST	ACC	RUED			
	Int.Ac		Int	Accr.	ln	t. Paid	Interest Accrued
	Balan			uring		uring	Balance
Description of Obligation (a)	First of ' (b)	Year		Year (c)	Year (d)		End of Year (e)
Long Term Debt:	(6)			16)		(0)	(e)
		· · · · · · · · · · · · · · · · · · ·					
Note Payable:	-0-		9	,284.79	9	284.79	-0-
Customer Deposits:						,	
Other:		-					,
Total	-0		n	,284.79		204 ==	
• = 1041				, 604. 19	. y	,284.79	

8		
MISCELLANEOUS CURRENT AND AC	CRUED LIABILITIES	;
Sub-Account and Description		Amount
	MANAGEMENT OF THE PROPERTY OF	
		The state of the s
Total		
STATEMENT OF RETAINED EARNING	SS FOR THE YEAR	,
ltem	This Year	Last Year
(a)	(b)	(c)
UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216):		
Balance Beginning of Year	<42,988.37>	108,094.10
Balance Transferred From Income (433)	<4,084.55>	<16,023.75>
Misc. Credits (Specify Account Number & Title):		
Total Credits to Unappropriated Retained Earnings		
Dividends Declared-Preferred Stock (437)		
Dividends Declared-Common Stock (438)		
Miscellaneous Debits (Specify Account Number & Title):		
Adjustments to Retained Earnings (439) (Describe)		
To Adjust Book Income to PSC Report		(135,058.72)
Total Debits to Unappropriated Retained E≥mings		<135,058.72> (
Net Addition to Unappropriated Retained Earnings		
Balance End of Year	<47,072.92>	<42,988.37>

	9		<u>~</u>					
	STATEMENT OF INCOME FO	R THE YEAR						
Line No.	Account (a)	Average No. Customers (b)	MCF of Nat Gas Sold (c)	Amount (d)				
1	OPERATING REVENUES Residential Sales (480)	440	48,423					
2	Commercial and Industrial Sales (481)	12	912					
3	Interdepartmental Sales (484)							
4	Total Sales to Ultimate Consumers							
5	Sales for Resale (483)							
В	Total Gas Service Revanues	264,716.48						
7	OTHER OPERATING REVENUES Forfelted Discounts (487)	452	49,335					
В	Miscellaneous Service Revenues (488)	1.000A) <u></u>					
Ð	Revenues From Transportation of Gas of Others (489)							
10	Revenues From Natural Gas Processed by Others (491)	**************************************		 				
11	Rent From Gas Property (493)			 				
12	Other Gas Revenues (495)							
13	Total Other Operating Revenues							
14	Total Gas Operating Revenues			264,716.48				
15	OPERATING EXPENSES Total Gas Operation & Maintenance Expenses (from page 11, line 25)			188,966.44				
16		63,259.00						
17	Amortization Expense (404-407) (from page 12)		63,239.00					
18	8 Taxes Other Than Income Taxes (408.1) (from page 12)							
19	7,290.80							
20	Total Gas Operating Expenses							
21	Nat Operating Income			5,200.24				
22	OTHER INCOME Other Nonutility Income - Net (415-418)							
23	Interest and Dividend Income (419)	***************************************						
24	Miscellaneous Nonoperating Income (421)							
25	Other Accounts (Specify Account Number and Title):							
26				-				
27			V					
28	Total Other Income							
29	OTHER DEDUCTIONS Interest on Long-Term Debt (427)			7 A 100				
30	Amortization of Debt Discount and Expense (428)							
31	Other Norutility Deductions (426.1 - 426.5)							
32	Other Interest Expanse (431)			9,284.79				
33	Total Income Taxes - Norutility operations (409.2, 410.2, 411.2, 411.5) (from	Page 12)						
34	Other Accounts (Specify Account Number and Title):			**************************************				
35								
36								
37	Taxes Other Than Income Taxes (408.2) (from Page 12)							
38	Total Other Deductions							
39	NET INCOME			<4,084.55>				

GAS OPERATION AND MAINTENANCE EXPENSES Line Account Amount No. (8) MANUFACTURED GAS PRODUCTION 1 Total-Account 710-742 (Attach Schedule by Accounts) NATURAL GAS PRODUCTION EXPENSES Total-Account 750-791 (Attach Schedule by Accounts) 2 EXPLORATION AND DEVELOPMENT EXPENSES Total-Account 795-798 (Attach Schedule by Accounts) 3 STORAGE EXPENSES 4 Total-Account 814-843 (Attach Schedule by Accounts) OTHER GAS SUPPLY EXPENSES Natural Gas City Gate Purchases (804) 148,007.06 5 Other Gas Purchases (805) 8 Purchased Gas Cost Adjustments (805.1) Purchased Gas Expenses (807) Ā 9 Gas Withdrawn From Storage - Debit (808.1) 10 Gas Delivered to Storage - Credit (808.2) 11 Gas Used For Other Utility Operations - Credit (812) 12 Other Gas Supply Expenses (813) 13 Total Other Gas Supply Expenses 148,007.06 TRANSMISSION EXPENSES Operation Supervision and Engineering (850) 14 Compressor Station Labor and Expenses (853) 15 16 Measuring and Regulating Station Expenses (857) 17 Transmission and Compression of Gas by Others (858) 18 Rents (860) 19 Maintenance of Mains (863) 20 Maintenance of Compressor Station Equipment (864) 21 **Total Transmission Expenses** 22 DISTRIBUTION EXPENSES Operation Supervision and Engineering (870) 23 Compressor Station Labor and Expenses (872) Mains and Services Expenses (874) 24 25 Measuring and Regulating Station Expenses (875) 28 Meter and House Regulator Expenses (678) 27 Other Expenses (880) Rents (881) 28 Maintenance Supervision and Engineering (885) 29 30 Maintenance of Mains (887) 31 Maintenance of Services (892) Maintenance of Meters and House Regulators (893) 32

33

34

Maintenance of Other Equipment (894)
Total Distribution Expenses

148,007.06

	GAS OPERATION AND MAINTENANCE EXPENSES (Con'L)	
Line	Account	Amount
No.	(9) CUSTOMER ACCOUNTS EXPENSE	(b)
1	Meter Reading Expenses (902)	
2	Customer Records and Collection Expenses (903)	
3	Uncollectible Accounts (904)	
4	Total Customer Accounts Expense	
5		
	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
6	Miscellaneous Customer Sarvice and Informational Expenses (910)	
0	· ·	
	ADMINISTRATIVE AND GENERAL EXPENSES	
7	Administrative and General Salaries (920)	
8	Office Supplies and Expenses (921)	7,009.39
9	Administrative Expenses Transferred - Credit (922)	
10	Outside Services Employed (923)	1,800.00
11	Property Insurance (924)	
12	Injuries and Damages (925)	
13	Employee Pensions and Benefits (925)	
14	Franchise Requirements (927)	
15	Regulatory Commission Expenses (928)	
16	Duplicate Charges - Credit (929)	
17	General Advertising Expenses (930.1)	1,000.00
18	Miscellaneous General Expenses (930.2)	19,149.99
19	Rents (931)	12,000.00
20	Maintenance of General Plant (932)	12/00000
21	Total Administrative and General Expenses	40,959.38
22		10,505.50
23		
24		
25		
26	TOTAL GAS OPERATION AND MAINTENANCE EXPENSES (to Page 9, Line 15)	188,966.44
	NUMBER OF CUSTOMERS End of Year	A 47 A A B A B A B A B A B A B A B A B A B
Res	dentiel (480)	440
	mercial and Industrial (481)	12
	departmental Sales (484)	1
	otal - Ultimate Customer	
	ş for Resale (483)	

Total Gas Service Customers

452

12

TAXES OTHER THAN INCOME TAXES (408) Show hereunder the various tax items which make up the amounts listed under Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37. Line No. (a) (b) 1 Payroll Taxes 2 Public Service Commission Assessment 3 Other (Specify): 4 Prop. Tax (Including - School Tax) 4.74: 5 Sales Tax 2,54: 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,29: OPERATING AND NONOPERATING INCOME TAXES Acct. No. (a) (b) 409.1 Income Taxes, Utility Operating Income - State 409.1 Income Taxes, Utility Operating Income - State 409.1 Income Taxes, Utility Operating Income - Other	2.50 8.30 0.80
Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37. Line No. (a) (b) 1 Payroll Taxes 2 Public Service Commission Assessment 3 Other (Specify): 4 Prop. Tax (Including - School Tax) 4.74. 5 Sales Tax 2,54. 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,29. OPERATING AND NONOPERATING INCOME TAXES Acct. Account (a) (b) 409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	2.50 8.30 0.80
Line No. (a) (b) 1 Payroll Taxes 2 Public Service Commission Assessment 3 Other (Specify): 4 Prop. Tax (Including - School Tax) 4.74: 5 Sales Tax 2,54: 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,29: OPERATING AND NONOPERATING INCOME TAXES Acct. Account (a) (b) 409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	2.50 8.30 0.80
1 Payroll Taxes 2 Public Service Commission Assessment 3 Other (Specify): 4 Prop. Tax (Including - School Tax) 5 Sales Tax 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,290 OPERATING AND NONOPERATING INCOME TAXES Acct. No. (a) (b) 409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	2.50 8.30 0.80
1 Payroll Taxes 2 Public Service Commission Assessment 3 Other (Specify): 4 Prop. Tax (Including - School Tax) 4.745 5 Sales Tax 2,546 6 7 2,546 7 8 9 Total (Same as page 9, lines 18 and 37) 7,296 OPERATING AND NONOPERATING INCOME TAXES Acct. Account Account (a) (b) 409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	2.50 8.30 0.80
3 Other (Specify): 4 Prop. Tax (Including - School Tax) 4.74: 5 Sales Tax 2,54: 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,29: OPERATING AND NONOPERATING INCOME TAXES Acct. Account (a) (b) 409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	8.30 0.80
4 Prop. Tax (Including - School Tax) 4.747 5 Sales Tax 2,548 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,296 OPERATING AND NONOPERATING INCOME TAXES Acct. Account Account (b) 409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	8.30 0.80
5 Sales Tax 2,541 6 7 8 9 Total (Same as page 9, lines 18 and 37) 7,296 OPERATING AND NONOPERATING INCOME TAXES Acct. Account Amo (a) (b) 409.1 Income Taxes, Utility Operating Income – Federal 409.1 Income Taxes, Utility Operating Income – State	8.30 0.80
6 7 8 9 Total (Same as page 9, lines 18 and 37) OPERATING AND NONOPERATING INCOME TAXES Acct. No. (a) Account (b) 409.1 Income Taxes, Utility Operating Income – Federal 409.1 Income Taxes, Utility Operating Income – State	0.80 ount
7 8 9 Total (Same as page 9, lines 18 and 37) OPERATING AND NONOPERATING INCOME TAXES Acct. Account Amo No. (a) (b) 409.1 Income Taxes, Utility Operating Income – Federal 409.1 Income Taxes, Utility Operating Income – State	unt
8 9 Total (Same as page 9, lines 18 and 37) OPERATING AND NONOPERATING INCOME TAXES Acct.	unt
9 Total (Same as page 9, lines 18 and 37) OPERATING AND NONOPERATING INCOME TAXES Acct.	unt
OPERATING AND NONOPERATING INCOME TAXES Acct.	unt
Acct. Account Amo No. (a) (b) 409.1 Income Taxes, Utility Operating Income – Federal 409.1 Income Taxes, Utility Operating Income – State	
Acct. Account Amo No. (a) (b) 409.1 Income Taxes, Utility Operating Income – Federal 409.1 Income Taxes, Utility Operating Income – State	
409.1 Income Taxes, Utility Operating Income - Federal 409.1 Income Taxes, Utility Operating Income - State	<u>}</u>
409.1 Income Taxes, Utility Operating Income - State	
400 1 I Income Taxes I Itility Operating Income - Other	
410.1 Provision for Deferred Income Taxes, Utility Operating Income	
411.1 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4 Investment Tax Credit Adjustments, Utility Operations	
Total Income Taxes - Utility Operating Income (to page 9, line 19)	
409.2 Income Taxes, Other Income & Deductions - Federal	
409.2 Income Taxes, Other Income & Deductions – State	
409,2 Income Taxes, Other Income & Deductions - Other	-
410.2 Provision for Deferred Income Taxes, Other Income & Deductions	
411.2 Provision for Deferred Income Taxes – Credit, Other Income & Deductions	
411.5 Investment Tax Credit Adjustments, Nonutility Operations	
Total Income Taxes - Nonutility Operating Inc. (to page 9, line 33)	
AMORTIZATION EXPENSE	
Acct. Account Amo	
No. (a) (b)	<u>}</u>
404.1 Amortization and Depletion of Producing Natural Gas Land and Land Rights	
405 Amortization of Other Gas Plant	
405 Amortization of Gas Plant Acquisition Adjustments	
407.1 Amortization of Property Losses	
407.2 Amortization of Conversion Expenses	
Total Amortization Expense (Same as page 9, line 17)	

1. Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.

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PACK

PAGE 21

- Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured 2. gas.
- Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.
 Designate any sales which are other than firm sales, i.e., sales for storage, etc.
- Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the

Name of Other Gas Utility Designate Associated Co) (a)	Point of Delivery (b)	FERC Tartff Rate Sch. Design (c)	Approx, BTU per Cubic Foot (d)	n that shown in th MCF of Gas Sold (14.73 PSIA 60 F) (e)	Revenue for Year (see #5, above) (f)	Average Reveru per MCF (g)
N/A			į			
j						
		!				
		!				

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Exhibit D Annual Reports Security But and 385 ge 45 of 95

1. Report perticulate of gas purchases during the year. 2. Natural gas for the purpose of dassification herein is either natural gas unmitted, or eny mixture of natural and manufactured gas. 3. Provide autheredings and totals for prescribed accounts 804-Natural Gas City Gate Purchases, and 805-0 their gas Purchases. 4. Where purchases are from unfixed felds, or vendor is a performant principal partner, or largest owner of joint histerest, as approp. 5. For well head and field line purchases indicate the gas field or production area, county and state. 6. Field purchases of lers than \$25,000 per year from individual non-associated vendors may be grouped by fields or production areas. Show numbers of purchases so grouped. 7. Show in coursn (c) the Setjer's FERC rate schedule designation and date of contracts shown. If for any purchases more than one schedule was in effect during the year, show the most recent rate schedule designation and in a footnote give superseded rate schedules and date of supersession, or a succinct explanation. The Operator's rate schedule designation is extincted to explanation is explained in cases where there are no co-owners under the same purchase contract, but the entire volume of gas and amount, columns (h) and (i) must be shown for the purchase under the particular contract. Rate achedules designations are not required with respect to small purchases grouped as permitted in instruction 6.

				Check Ap	propriate Class	•					ĺ
Name of Vendor (Designate Associated Companies) (a)	Point of Receipt (b)	Seller's FERC Rate Schedule Designation and Date of Contract (c)	YVes Mouth (d)	Field Line (e)	Gasoline Plant Outlet (f)	Other (g)	Approx. BTU per Cubic Fool (h)	MCF of Gas 14.73 PISA 60 F (I)	Amount (i)	Avg. Amt. per MCF (cents) (k)	
P&J Resources, I	Salyersvill C KY			х				49,335	148,007.0	5 3.00	The state of the s
		Triggiffiths to the control of the c									

15

GAS ACCOUNT - NATURAL GAS

- 1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
- 2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
- 3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

		· · · · · · · · · · · · · · · · · · ·
Line No.	Item (a)	MCF (14.73 PSIA at 60 F) (b)
	GAS RECEIVED	
11	Natural Gas Produced	
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	49,335
4	Other Gas Purchases (Account 805)*	
5	Other Receipts (Specify):	
6		
7		
8		
9	Total Receipts	49,335
10		
	GAS DELIVERED	
11	Natural Gas Sales (same as page 9, column (c), line 6)	49,335
12	Other Deliveries (specify):	
13		
14		
15		
16	Total Deliveries	49,335
17		
18	Unaccounted for Gas	
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	49,335

^{*} This type of gas purchase represents manufactured gas, refinery gas or any gas other than natural gas

<u>oath</u>
Commonwealth of Kentucky) ss:
County of) ss:
I, Pamela Williams , having appeared before
the undersigned officer duly authorized to administer oaths and being duly
sworn, state under oath that I am Pamela Williams of
BTU Gas Company, Inc. ("Respondent"); that !
have supervision over the books of account and other financial records of the
Respondent and have control over the manner in which they are kept; that such
books and records have, during the period covered by the foregoing report, been
maintained in good faith in accordance with the accounting and other orders of
the Public Service Commission of Kentucky; that I have carefully examined the
foregoing report and to the best of my knowledge and belief the information
contained in this report is, so far as it relates to matters of accounts, in
accordance with the said books of account; that all other statements of fact
contained in the foregoing report are true; and that the foregoing report is a
correct and complete statement of the business and affairs of the Respondent in
every respect and manner during the period of time from and including
January 1 , 2006 , to and including December 31 , 2006
(Signature of Officer)
Subscribed and sworn to before me, a, in
and for the State and County named in the above this day of
, 20
(Apply Seal Here)
My Commission Expires
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

<u>UAIH</u>
County of (MOKHM)) ss:
I, Pamela Williams , having appeared before
the undersigned officer duly authorized to administer oaths and being duly
sworn, state under oath that I am Pamela Williams of
BTU Gas Company, Inc. ("Respondent"); that I
have supervision over the books of account and other financial records of the
Respondent and have control over the manner in which they are kept; that such
books and records have, during the period covered by the foregoing report, been
maintained in good faith in accordance with the accounting and other orders of
the Public Service Commission of Kentucky; that I have carefully examined the
foregoing report and to the best of my knowledge and belief the information
contained in this report is, so far as it relates to matters of accounts, in
accordance with the said books of account; that all other statements of fact
contained in the foregoing report are true; and that the foregoing report is a
correct and complete statement of the business and affairs of the Respondent in
every respect and manner during the period of time from and including
January 1 , 2006 , to and including December 31 , 2006 (Signature of Officer)
Subscribed and sworn to before me, a 16tara Dublic , in
and for the State and County named in the above this 30 day of
(Apply Seal Here)
My Commission Expires 17-14-07 (Signature of officer/authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

99/26/20138e #0478076746746530Doc 44-2 Filed 12/08/50PACEnderred 12/08/10 16:02:25AGDessc Exhibit D Annual Reports 2007 thru 2004 Page 75 of 95

K1_ TUCKY PUBLIC SERVICE COM1_SSION REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY BUSINESS FOR THE YEAR ENDING DECEMBER 31, 20_04_

RTU Gas Company, Inc. P.O. Box 707-Salversville, KY (Utility Reporting) (Address) 41465
FEIN # (Federal Employer Identification Number)
6 1 - 1 2 7 3 6 4 8
(DO NOT INCLUDE TAXES COLLECTED)
(1) Gross Revenues of Electric Utility
(2) Gross Revenues of Gas Utility
(3) Gross Revenues of Water Utility\$
(4) Gross Revenues of Sewer Utility\$
(5) Other Operating Revenues
*** TOTAL GROSS REVENUES
OATH
State ofKentucky)
) ss. County of Magoffin
Comity of
Pam Williams being duly sworn, states that he/she is (Officer)
President of the RTU Gas Company, Inc. that the above (Official Title) (Utility Reporting)
report of gross revenues is in exact accordance with <u>BTU Gas Company</u> , Inc., and that such (Utility Reporting)
books accurately show the gross revenues of <u>BTU Gas Company</u> , <u>Inc.</u> , derived from (Utility Reporting)
Intra-Kentucky business for the calendar year ending December 31, 20 04
President
(Officer) (Title)
This the day of, 20
(Notary Public) (County) (Commission Expires)

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE REVERSE OF THIS REPORT.

Amended 8/23/2005

Class C and D Gas Utility

ANNUAL REPORT

P.O. Box 707

Salversville, KY 41465

(Address of Utility)

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2007

PUBLIC SERVICE COMMISSION OF KENTUCKY PRINCIPAL PAYMENT AND INTEREST INFORMATION FOR THE YEAR ENDING DECEMBER 31, 20, 0.7

1. Amount of Principal P	ayment during cale	ndar yea	r \$		-
2. Is Principal current?	(Yes)	(No)			
3. Is Interest current?	(Yes)	(No)	· · · · · · · · · · · · · · · · · · ·		
4. Has all long-term debt	been approved by	the Publ	ic Service		
Commission?					
YesNo	_ PSC Case Number	∍ r		nyo anatono manana m	
INDEPE	<u>SERVICES PE</u> NDENT CERTIFIE	RFORMI D PUBLI	<u>D BY</u> C ACCOUN	TANT	
Are the financial sta (Yes) (No) _	tements examine	d by a	a Certified	Public	Accountant?
f yes, which service was	performed?				
Audit					
Compilation Review					
Please enclose a conv of		nart with	the manual r		

Page 1 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

09/20/2009 12:18

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PAGE 89

Page No.	Line N	<u>o.</u>	Page N	lo. Line No.	<u>Yes</u>	No	If No, Explain Why
1	3	agrees with	3	12	1	1	
1	4	agrees with	3	15	~		
1	5	agrees with	3	16	1		
2	2&3	agrees with	6	Capital Stock (f)	V		
2	8	agrees with	8	Account 216 Balance End of Year (b)	V		Acceptance of the second secon
2	16	agrees with	7	Long Term Debt Total (d)	~		
2	24	agrees with	7	Notes Payable Total (e)	1		
2	30	agrees with	7	Interest Accrued Total (e)	V		
2	31	agrees with	8	Misc. Current and Accrued Liabilities	/		re Bellemmingsten specification (1981) on the transference of the property of the control of the
3	1	agrees with	5	39(f)	/		
3	15	agrees with	3	34	V		×
3	15	agrees with	6	25	V		
9	5	agrees with	13	(f)	V		
9	15	agrees with	11	26	~		
9	17	agrees with	12	Total Amortization Expense	~		
9	18	agrees with	12	Account 408.1	/		
9	19	agrees with	12	Total Income Taxes - Utility Operating Income	V		
9	29	agrees with	7	Interest Accrued Long-Term Debt (c)	V		

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Page 2 of 2 AUDIT OF THE ANNUAL REPORT GAS COMPANIES

Page No.	Line No.	1	Page No	Line No.	Yes	No	If No, Explain Why
9	32	agrees with	7	Interest Accrued Other (c)	~	1	Angles to the second se
9	33	agrees with	12	Total Income Taxes - Nonutility Operating Income	~		
9	37	agrees with	12	Account 408.2	1		
9	39	agrees with	8	Balance Transferred From Income (433)	~		Ĺ
10	5	agrees with	14	()	1		
10	6	agrees with	14	(j)	1		
14	(î)	agrees with	15	3 & 4 (b)	1		
15	9	agrees with	15	20	1		
15	11	agrees with	9	6(c)			
Principal I	ayment Pag	ge has been con	pleted	The state of the s	1		
Oath Page	e has been o	completed			1		

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Provide any special information required by prior Commission orders,
as well as any narrative explanations necessary to fully explain the
data. Examples of the types of special information that may be
required by Commission orders include surcharge amounts collected,
refunds issued, and unusual debt repayments

Addition Information Required by Consission Orders

Case #	Date of Order	Item/Explanation
		·
	Attach	additional sheets if more room is needed

		GENERAL IN	FORMATION	
	area code, MC GC O	of the principal office in A New Acod - P.O. Box 701		
	ひいひゅ なおか	11e KY 41465 - 2000		
2.	Name, titl	e, address and telephone numb	er, including area code, of t	he Person to
	be contact	ed concerning this report.		
•	606-834.	2000	<u> </u>	
3.				
ا ۔ ج	office and t	telephone number, including	y of the books of account, ad area code, where the books of	dress of
	kept.		value out, micho chie bound of	a a a a a a a a a a a a a a a a a a a
-	"Same a	s above		
-				
4. 1	Name of Sta	ate under the laws of which r	espondent is incorporated and	date of
-	Kentuck	Ion. If incorporated under a	special law, give reference t	o such law.
-	June, 1992		****	
5. i	f the rest	pondent controls or is control	lled by any other corporation	. hijsiness
t	rust, or s	similar organization, give a d	concise explanation of the ma	
€	extent of o			
~	<u>NB</u>			
		mes and addresses of the ten powers of each at the end of	major stockho.ders of the re	spondent and
Ĭ	bmela W	illiams - 100 %	cite lear.	
-			Mad sub-ry-material	
-				
7. 7	ive the m	mber of employees: Full-t	imePart-time:	
8. h	Name of Cit	v. Town. Community and County	y in which you furnish gas se	rvice and
t	he number	of customers in each.	•	
	nogoff, r	County		
_				
		PRINCIPAL O	FFICERS	
Line		Name of	Principal	Annual
No.	Title	Officer or Director	Busines: Address	Salary
				And/or
				Fee
2	President	Remeta Williams	f.D. Bix 727 Saiyers ville, KY 41465	0-
3			Salvece VIIIE KY 41463	
	 			
5				
6				
7				
8				
9				
10				

Γ	BALAN	1 CE SHEET	
Line No.	ASSETS AND OTHER DEBITS	Balance First of Year	Balance Last of Year
1	UTILITY PLANT		POST D1 1 (-0)
3	Here Bridge Bridge		
	Utility Plant (101-107,114,116)	657,957.12	657, 957. 12
4	Less; Accum. Prov. for Depr., Depletion, and Amortization (108,111)		j
5	Net Utility Plant	301, 259, 90> 356, 697, 22	365,118,90 293,838,32
6		330,51	a 10,000.
7	OTHER PROPERTY AND INVESTMENTS		A CONTRACTOR OF THE PROPERTY O
8	Nonutility Property-Net (121-122)		
9	Other Investments (124)		
10	Other Special Funds (128)		
11			
12	Total Other Property and Investments		
13			
14	CURRENT AND ACCRUED ASSETS		
15	Cash (131)	12,611,05	1.184,55
16	Temporary Cash Investments (136)	12.0011	1107,5-
17	Notes Receivable (141)		
18	Customer Accounts Receivable (142)	41,230,54	22,328.00
19	Other Accounts Receivable (143)	71,000,	30x 10x w.
20	Accum. Prov. for Uncollectible AcctsCR, (144)		
21	Plant Materials and Operating Supplies (154)		
22	Gas Stored - Current (164.1)		
23	Prepayments (165)		***************************************
24	Miscellaneous Current and Accrued Assets (174)		
25			
26			
27	Total Current and Accrued Assets	53,907,59	23,512,55
28			
29	DEFERRED DEBITS		4
30	Unamortized Debt Expense (181)		
31	Extraordinary Property Losses (182.1)		
32	Miscellaneous Deferred Debits (186)		
33	Def. Losses from Disposition of Util. Plt. (187)		
34	Unamort, Loss on Reacquired Debt (189)		
35	Accum. Deferred Income Taxes (190)		
36	Unrecovered Purchased Gas Costs (191)		
37			
38	Total Deferred Debits		
39			
40	TOTAL ASSETS AND OTHER DEBITS		

	2 BALANCE SHEET					
Line		Balania	Balance			
No.	LIABILITIES AND OTHER CREDITS	First of Year	Last of Year			
1	PROPRIETARY CAPITAL					
2	Common Stock Issued (201)					
3	Preferred Stock Issued(204)					
4	Misc. Paid-In Capital (211)					
5	Discount on Capital Stock (213)					
6	Capital Stock Expense (214)					
7	Appropriated Retained Earnings (215)		· · · · · · · · · · · · · · · · · · ·			
8	Unappropriated Retained Earnings (216)	1 /				
9	Reacquired Capital Stock (217)	(47,072,92)	(115,093.47)			
10	Total Proprietary Capital					
	Total Proprietary Capital					
11						
12	LONG-TERM DEBT Bonds (221)					
14						
	Advances From Associated Companies (223)					
15	Other Long-Term Debt (224)					
16	Total Long-Term Debt					
17	OTHER NONCURRENT LIABILITIES					
18	Accum. Provision for Property Insurance (228.1) Accum, Provision for Injuries and Damage (228.2)					
20	Accum. Provision for Pensions and Benefits(228.3)		·			
21	Accum. Miscellaneous Operating Provisions (228.4)					
22	Total Other Noncurrent Liabilities					
23	CURRENT AND ACCRUED LIABILITIES					
24	Notes Payable (231)	309,646.06	300,412,57			
25	Accounts Payable (232)					
26	Notes Payable to Associated Companies (233)					
27	Accounts Payable to Associated Companies (234)	104 156.67	87.156,67			
28	Customer Deposits (235)	43,700,60	43,700,00			
29	Taxes Accrued (236)	175.00	175.00			
30	Interest Accrued (237)					
31	Misc. Current and Accrued Liabilities (242)	:				
32	Total Current and Accrued Liabilities	1) E' 1 1:2	431,444,24			
33	DEFERRED CREDITS	457,677.73	-7-/1, 1 -1-/1,			
34	Customer Advances for Construction (252)					
35	Other Deferred Credits (253)					
i	Accum. Deferred investment Tax Credits (255)					
1	Accum. Deferred Income Taxes (281-283)					
38	Total Deferred Credits					
39	control to the second s					
	TOTAL LIABILITIES AND OTHER CREDITS	410,604.81	316,350.77			

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No.	Acet. No.	Item	
1	101	Gas Plant in Service-Classified (From Page 5, Line 39(f))	Amount
2	101,1	Property Under Capital Leases	657,957.12
3	102	Gas Plant Purchased or Sold	
4	106	Completed Construction Not Classified	
5		Total	
6	104	Gas Plant Leased to Others	
7	105	Gas Plant Heid for Future Use	
8	107	Construction Work in Progress-Gas	
9	114	Gas Plant Acquisition Adjustments	
0	116	Other Gas Plant Adjustments	
1			
2		Total Utility Plant (Forward to Page 1, line 3)	153653
3		Less:	657.957.12
4	108	Accum. Prov. For Depreciation of Gas Utility Plant	365,118.90
5		Accum Prov. for Amortization and Depletion of Gas Utility Plant	
6		Total (Forward to Page 1, line 4)	365, 118,90
		Net Utility Plant (Forward to Page 1, line 5)	392,838.22
1	In Ser	DETAIL OF ACCUMULATED PROVISION FOR DEPRECIATION, DEPL AMORTIZATION OF GAS UTILITY PLAN". vice:	ETION AND
7	Dep	AMORTIZATION OF GAS UTILITY PLAN" reciation	ETION AND
9	Dep Dep	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letion	365,118,90
9 D 1	Dep Depl Amo	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation etion rtization	ETION AND
9	Dep Dep Amo To	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation etion rtization tal - In Service	ETION AND
9 1 2 3	Dep Dep Amo To Lease	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letton rtization tal - In Service d to Others:	ETION AND
9 1 2 3	Dep Dep Amo To Lease Depr	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letton rtization tal - In Service d to Others:	ETION AND
2	Dep Dep Amo To Leaser Depr Depl	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letton rtization tal - In Service d to Others: eclation etion	ETION AND
9	Dep Dep Amo To Lease Dep Depl Amo	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letion rtization tal - In Service d to Others: leciation letion rtization	ETION AND
	Dep Dep Amo To Lease Depr Depl Amo	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation etion rtization tal - In Service d to Others: reclation etion rtization at - Leased to Others	ETION AND
9 0 1 2 3 3 4 5 5 5 5 5 5 5 5 5	Dep Depl Amo To Leaser Depl Amo Tot Held to	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation etion rtization tal - In Service d to Others: eclation etion rtization at - Leased to Others r Future Use;	ETION AND
9	Dep Depi Amo To Leaser Depr Depl Amo Tot Held fo	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letion rtization tal - In Service d to Others: eclation etion rtization al - Leased to Others r Future Use; eciation	ETION AND
9 0 1 2 3 3 3 3 3 3 3 3 3	Dep Depi Amo To Leaser Depr Depl Amo Tot Held fo Depre	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letion rtization tal - In Service d to Others: eclation etion rtization al - Leased to Others r Future Use; eciation	ETION AND
9	Dep Deprint Amore Leaser Deprint Amore Total Held for Deprint Amore Amore Amore Amore Amore Amore Amore Deprint Deprint Deprint Amore Deprint	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letion rtization tal - In Service I to Others: reclation etion rtization at - Leased to Others or Future Use; seciation etion	ETION AND
9 0 1 2 3 3 1 5 5 5 5 1	Dep Deprimental Deprimental De	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letton rtization tal - In Service d to Others: lectation letton rtization rtization rtization al - Leased to Others r Future Use; lectation letton letton rtization al - Held for Future Use	ETION AND
9	Dep Depl Amo To Lease Depr Depl Amor Depl Amor Tot	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letton rtization tal - In Service d to Others: eclation etion rtization al - Leased to Others or Future Use; sociation etion tization at - Held for Future Use exation of Gas Plant Acquisition Adjustments	365,118.90
9	Dep Depl Amo To Lease Depr Depl Amor Depl Amor Tot	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation etion rtization tal - In Service d to Others: eclation etion rtization al - Leased to Others r Future Use; eclation etion tization al - Held for Future Use existion of Gas Plant Acquisition Adjustments ACCUMULATED PROVISIONS (Same as line 15, above)	ETION AND
9	Dep Depl Amo To Lease Depr Depl Amor Depl Amor Tot	AMORTIZATION OF GAS UTILITY PLAN" vice: reciation letton rtization tal - In Service d to Others: eclation etion rtization al - Leased to Others or Future Use; sociation etion tization at - Held for Future Use exation of Gas Plant Acquisition Adjustments	365,118.90 365,118.90

Page 1				
Re	port in column (e) entries reclassifying property from one account to and column (c) or column (d), as they are co			nould be recorded in
Line No.	Account (a)	Balance First of Year (b)	Additions (0)	Retirements (d)
1	Intangible Plant - Account 301-303 (Attach Schedule)			
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)			
3	TRANSMISSION PLANT Land and Lend Rights (385.1)			
4	Rights-Of-Way (365.2)			
5	Structures and Improvaments (366)			
6	Mains (367)			
7	Compressor Station Equipment (388)	538,471.20		
В	Measuring and Regulating Station Equipment (389)			
9	Communication Equipment (370)			
10	Other Equipment (371)			
11	Total Transmission Plant			
12	DISTRIBUTION PLANT Land and Land Rights (374)			
13	Structures and Improvements (375)		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
14	Mains (376)		NA AND DESCRIPTION OF THE PARTY	
15	Compressor Station Equipment (377)			
16	Measuring and Regulating Station Equipment - General (378)			
17	Measuring & Regulating Station Equipment - City Gate (379)			
18	Services (380)			
19	Meters (3B1)	49,783,29		
20	Meter Installations (382)			
21	House Regulators (383)		A.M	
22	House Regulator Installations (384)	22,543,35		
23	Industrial Measuring & Regulating Station Equipment (385)			110,10
24	Other Property on Customers Premises (386)			
25	Other Equipment (387)			
26	Total Distribution Plant			
27	GENERAL PLANT Land and Land Rights (389)			
28	Structures and Improvements (390)			
29	Office Furniture and Equipment (391)			
30	Transportation Equipment (392)			
17	Stores Equipment (393)			
2	Tools, Shop and Garage Equipment (394)	9,892.52		······································
13	Laboratory Equipment (395)	1		
4	Power Operated Equipment (396)	20 201. (4)		
5	Communication Equipment (397)	30,306.41		
6	Miscellaneous Equipment (398)	6,959,66		
7 -	Other Tangible Property (389)	6,127.		
B	Total General Plant			
9	TOTAL GAS PLANT IN SERVICE	657,957,12		

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Repor	2 of 2 CAS UTILITY PLANT It is column (e) entries reclassifying properly from one account to enother in column (c) or column (d), as they are correct	Corrections of antrop of the t	preceding year should be records
Line No.	Account (a)	Adjustments (+ or -) (e)	Balance End of Year (f)
7	Intampible Plant - Account 301-303 (Attach Schedule)		
2	Gas Production, Storage and Processing Plant - Account 304-364 (Attach Schedule)		
3	TRANSMISSION PLANT Land and Land Rights (365.1)	The state of the s	
4	Rights-Of-Way (365.2)		
5	Structures and Improvements (366)		A
6	Mains (367)		F 20 ()= ()0
7	Compressor Station Equipment (368)		538,471,20
8	Measuring and Regulating Station Equipment (369)		
9	Communication Equipment (370)		
10	Other Equipment (371)		
11	Total Transmission Plant		
12	DISTRIBUTION PLANT Land and Land Rights (374)		
13	Structures and Improvements (375)		
14	Mains (376)		
5	Compressor Station Equipment (377)		
6	Measuring and Regulating Station Equipment - General (378)		
7	Measuring & Regulating Station Equipment - City Gate (379)		
8	Services (380)		
9	Melers (381)		1400 - 400 300
0	Meter Installations (382)		49,783.29
9	Hoyse Regulators (383)		22,543,85
2	House Regulator Installations (384)		44,543,52
3-	Industrial Measuring & Regulating Station Equipment (385)		
4	Other Property on Customers Premises (386)		
5	Other Equipment (387)		
5	Total Distribution Plant		
,	GENERAL PLANT Land and Land Rights (389)		44, 70
, 	Structures and Improvements (390)		
, - -	Office Furniture and Equipment (391)		
, -	Transportation Equipment (392)		
-	Stores Equipment (393)		
-	Tools, Shop and Garage Equipment (394)		a 40 x 5'2
	Laboratory Equipment (395)		9,892,52 30,306.60 6,959.66
\dashv	Power Operated Equipment (395)		20 201 60
-	Communication Equipment (397)		30,300.00
-	Miscellaneous Equipment (398)		1.0006
	Other Tangible Property (399)	-	<u>6,754.**</u>
\dashv	Total General Plant	· .	
- .	TOTAL GAS PLANT IN SERVICE		657,957.12

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Line No.	item					Amount	
1	Balance Beginning of Year				301	259.90	
2	Accruals for Year.					1777	
3	Depreciation				43	859.00	
4	Depletion						
5	Amortization						
6	Other Accounts (detail):						
7							
8							
9	Total Accruals for Year						
10	Credit Adjustments (describe):						
11							
12							
13	Total Credits for Year				63	,859.0	
14				-		100 1.	
15	Net Charges for Plant Retired:		NAME OF TAXABLE PARTY.				
16	Book Cost of Plant Retired (same	as Page 4. Line :	39(d))	T	T XXXX	XXXXXX	
17	Add; Cost of Removal		(-),	- 		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	
18	Less: Salvage				XXXX	XXXXXXXXXXXX	
19	Net Charges for Plant Retired						
20	Debit Adjustments(describe):						
21		· - · · · · · · · · · · · · · · · · · ·					
22							
23	Total Debit Adjustments for Year		· · · · · · · · · · · · · · · · · · ·			_	
24							
25	Balance End of Year				365	118.70	
		CAPITAL STO	OCK				
***************************************			Par Value	Stated Val.		anding	
		No. of	Per Share	Per Share	Per Balance She		
	Oleman and One of a state of	Shares	of Par	of Nonpar	Shares	Amoun	
	Class and Series of Stock (a)	Auth. (b)	Value Stk (c)	Stock (d)	(e)	Amoun	
	(6)	10)	(6)			(7)	
N/n						ļ	
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	Water Control of the		 		 	†	
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			1				

Total NOTES PAYABLE Notes Payable Notes Payable Notes Payable Notes Payable Notes Maturity (b) (c) (d) (d) Notes Payable Notes Maturity (b) (c) (d) (d) Notes Payable Notes Maturity (d) (d) (d) (d) Notes Payable Notes Payable Notes Maturity (d) (d) (d) (d) (d) Notes Payable Notes Payabl	
Total	
Note of Payee (a) Name of Payee (b) Lean (com Shareholder Various -c- 6, US Small Business Atmin, 1/28/04 2.9 394, Total Interest Bala of Maturity Rate (d) Lean (com Shareholder Various -c- 6, US Small Business Atmin, 1/28/04 2.9 394, Interest Accrued Int. Accr. Int. Paid During Balance During During Balance During During Balance (a) (b) (c) (d)	mount (f)
Note of Payee (a) Name of Payee (b) Loan from Shareholder US Small Business Atmin, 1/28/04 Interest Bala of Maturity Rate (d) Loan from Shareholder Warious Com Share	
Note of Payee (a) Name of Payee (b) Lean (com Shareholder Various -c- 6, US Small Business Atmin, 1/28/04 2.9 394, Total Interest Bala of Maturity Rate (d) Lean (com Shareholder Various -c- 6, US Small Business Atmin, 1/28/04 2.9 394, Interest Accrued Int. Accr. Int. Paid During Balance During During Balance During During Balance (a) (b) (c) (d)	
Note of Payee (a) Name of Payee (b) Loan from Shareholder US Small Business Atmin, 1/28/04 Interest Bala of Maturity Rate (d) Loan from Shareholder Warious Com Share	
Note of Payee (a) Name of Payee (b) Loan from Shareholder US Small Business Atmin, 1/28/04 Interest Bala of Maturity Rate (d) Loan from Shareholder Warious Com Share	
Name of Payee (a) Loan (con Share holder US Small Business Atmin, 1/28/04 Total Interest Rate (b) (c) (d) 1nterest Rate (d) (d) -c- 6, 2.9 A94, INTEREST ACCRUED Int. Accr. Int. Accr. Balance Balance During Description of Obligation (a) (b) (c) (d) Interest Rate (d) (d) -c- 6, 2.9 A94, Interest Rate (d) (d) -c- 6, Int. Accr. Int. Accr. Int. Paid During Balance Puring Year Year Year Year Year Year Year Year	
Name of Payee (a) (b) (c) (d) Loan (com Share holder US Small Business Almin, #28104 Total INTEREST ACCRUED Int. Accr. Int. Accr. Int. Paid During Balance During Balance During Company (a) (b) (c) (d) Rate Of (d) (d) Int. Accr. Int. Accr. Int. Paid During Balance During Year Year End (d) (e) (f) (f) (g) (h) (h) (g) (h) (g) (h) (h) (h) (h) (h) (h) (h) (h) (h) (h	nce End
Total INTEREST ACRUED Int. Accr. Int. Accr. Int. Paid Interest Balance During During Balance First of Year Year Year (a) (b) (c) (d)	f Year (e)
Total INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid During During Balance During During Bending First of Year Year Year End (a) (b) (c) (d)	208,95
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	203.62
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	
INTEREST ACCRUED Int.Accr. Int. Accr. Int. Paid Intere Balance During During B First of Year Year Year End (a) (b) (c) (d)	
Int.Accr. Int. Accr. Int. Paid Intere Balance During During B Description of Obligation First of Year Year Year End (a) (b) (c) (d)	412.57
Description of Obligation Balance During Bear Year First of Year Year End (a) (b) (c) (d)	
Description of Obligation First of Year Year Year End (a) (b) (c) (d)	est Accrued
(a) (b) (c) (d) Long Term Debt:	d of Year
Long Term Debt:	<u>(e)</u>
Note Payable: -0- 12,666.51 13,666.51	O·-
Customer Deposits:	
Other:	
Total -G- 12,666.51 12,666.51	

<u>B</u>		
MISCELLANEOUS CURRENT AND AC	CRUED LIABILITIE	s _.
Sub-Account and Description		Amount
		, 1174 W. 14
`		
Total		
STATEMENT OF RETAINED EARNING	SS FOR THE YEAR	
Item	This Year	Last Year
(a) UNAPPROPRIATED RETAINED EARNINGS (ACCT. 216):	(b)	(c)
Balance Beginning of Year	/ 92	(42 0 gg 27)
Balance Transferred From Income (433)	<41,072.92> <68.020,55>	<42,988,37>
Misc. Credits (Specify Account Number & Title):	(63.050,50)	7,05455
Total Credits to Unappropriated Retained Earnings		
Dividends Declared-Preferred Stock (437)		
Dividends Declared-Common Stock (438)		
Miscellaneous Debits (Specify Account Number & Title):		
Adjustments to Retained Earnings (439) (Describe)		
Total Debits to Unappropriated Retained Earnings		
Net Addition to Unappropriated Retained Earnings		/ 42
Balance End of Year	(115,093,41)	(47,072,92)

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			_	
	STATEMENT OF INCOM			
Line No.	Account (a)	Average No Customers (b)	MCF of Nat. Gas Sold (c)	Amount (d)
1	OPERATING REVENUES Residential Sales (480)	401	21,413	
2	Commercial and Industrial Sales (481)	12	915	
3	Interdepartmental Sales (484)	12,	113	
4	Total Sales to Utilmate Consumers			
5	Sales for Resale (483)			
6	Total Gas Service Revenues	413	25,328	142,303.7
7	OTHER OPERATING REVENUES Forfeited Discounts (487)		1 4 2 1 0 4 2	172,505.
8	Miscellaneous Service Revenues (488)			
9	Revenues From Transportation of Gas of Others (489)			
10	Revenues From Natural Gas Processed by Others (491)			
11	Rent From Gas Property (493)			
12	Other Gas Revenues (495)			
13	Total Other Operating Revenues			<u> </u>
14	Total Gas Operating Revenues			1 2 2 2
	OPERATING EXPENSES			142,303.1
15	Total Gas Operation & Maintenance Expenses (from page 11, line 26)			119,771.7
16	Depreciation Expense (403)	63.859,00		
17	Amorfization Expense (404-407) (from page 12)			
18	Taxes Other Than Income Taxes (408.1) (from page 12)			14,027,0
19	Total Income Texes-Utility Operations (409.1, 410.1, 411.1, 411.4) (from	n page 12)		
20	Total Gas Operating Expenses			197,657.7
21	Nel Operating Income			(55,3540
22	OTHER INCOME Other Nonutility Income - Net (415-418)			
23	Interest and Dividend Income (419)			
24	Miscellaneous Noлoperating Income (421)			
25	Other Accounts (Specify Account Number and Title):			
26	Manager and the second			
27				
28	Total Other Income	~~~		
29	OTHER DEDUCTIONS Interest on Long-Term Debt (427)			
30	Amortization of Debt Discount and Expense (428)			
31	Other Nonutility Deductions (428.1 - 428.5)			
12	Other Interest Expense (431)			12,666,51
3	Total Income Taxes - Nonutility operations (409.2, 410.2, 411.2, 411.5)	(from Page 12)		12121
14	Other Accounts (Specify Account Number and Title):			
15				1
18				
	Taxes Other Than Income Taxes (408.2) (from Page 12)			
IB	Total Other Deductions			12,666.51
39	NET INCOME			(68 020.55

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	GAS OPERATION AND MAINTENANCE EXPENSES	
Line No.	Account (a)	Amount (b)
1	MANUFACTURED GAS PRODUCTION Total-Account 710-742 (Attach Schedule by Accounts)	
2	NATURAL GAS PRODUCTION EXPENSES Total-Account 750-791 (Attach Schedule by Accounts)	
3	EXPLORATION AND DEVELOPMENT EXPENSES Total-Account 795-798 (Attach Schedule by Accounts)	
4	STORAGE EXPENSES Total-Account 814-843 (Attach Schedule by Accounts)	
5	OTHER GAS SUPPLY EXPENSES Natural Gas City Gate Purchases (804)	26,405,43
6	Other Gas Purchases (805)	
7	Purchased Gas Cost Adjustments (805.1)	
8	Purchased Gas Expenses (807)	
9	Gas Withdrawn From Storage - Debit (808.1)	44
10	Gas Delivered to Storage - Credit (808.2)	
11	Gas Used For Other Utility Operations - Credit (812)	
12	Other Gas Supply Expenses (813)	
13	Total Other Gas Supply Expenses	26,405.43
14	TRANSMISSION EXPENSES Operation Supervision and Engineering (650)	
15	Compressor Station Labor and Expenses (853)	
16	Measuring and Regulating Station Expenses (857)	
17	Transmission and Compression of Gas by Others (858)	
16	Rents (860)	
19	Maintenance of Mains (863)	
20	Maintenance of Compressor Station Equipment (864)	
21	Total Transmission Expenses	
22 23	DISTRIBUTION EXPENSES Operation Supervision and Engineering (870) Compressor Station Labor and Expenses (872)	
24	Mains and Services Expenses (874)	
25 25	Measuring and Regulating Station Expenses (875)	
26 26	Meter and House Regulator Expenses (878)	
27	Other Expenses (880)	
28		
	Rents (881)	
29	Maintenance Supervision and Engineering (885)	
30	Maintenance of Mains (887)	
31	Maintenance of Services (892)	
32	Maintenance of Meters and House Regulators (893)	<u>'</u>
33	Maintenance of Other Equipment (894)	
34	Total Distribution Expenses	

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	GAS OPERATION AND MAINTENANCE EXPENSES (Con't.)	
Line No.	Account (a)	Amount (b)
	CUSTOMER ACCOUNTS EXPENSE	
1 2	Meter Reading Expenses (902) Customer Records and Collection Expenses (903)	
3	1	1,945.00
	Uncollectible Accounts (904)	
4	Total Customer Accounts Expense	1,945,00
5		
	CUSTOMER SERVICE AND INFORMATIONAL EXPENSES	
6	Miscellaneous Customer Service and Informational Expenses (910)	
	ADMINISTRATIVE AND GENERAL EXPENSES	
7 8	Administrative and General Salaries (920) Office Supplies and Expenses (921)	
B	Administrative Expenses Transferred - Credit (922)	3,580.04
	,	
10	Outside Services Employed (923)	5,983.00
11	Property Insurance (924)	3,328.46
12	Injuries and Damages (925)	
13	Employee Pensions and Benefits (926)	
14	Franchise Requirements (927)	
15	Regulatory Commission Expenses (928)	
16	Duplicate Charges - Credit (929)	
17	General Advertising Expenses (930.1)	4,533.00
18	Miscellaneous General Expenses (930.2)	20,416,53
19	Renis (931)	42.300.00
20	Maintenance of General Plant (932)	13,200.00
≥1	Total Administrative and General Expenses	40,380,30
22		93,366,33
23		
4		
25		1
26	TOTAL GAS OPERATION AND MAINTENANCE EXPENSES (to Page 9, Line 15)	119,771.76
	(in Figure 1 to 1 t	111, 711
	NUMBER OF CUSTOMERS End of Year	
	dential (480)	401
Com	mercial and Industrial (481)	12
Inter	departmental Sales (484)	
T	otal - Ultimate Customer	413
Sale	s for Resale (483)	
Tota	Gas Service Customers	413

12

r	. ,	
Account of the second of the s	TAXES OTHER THAN INCOME TAXES (408)	
	Show hereunder the various tax items which make up the amounts listed Account Numbers 408.1 and 408.2 on page 9, lines 18 and 37.	d under
Line	Item	Amount
No.	(a)	(b)
1	Payroll Taxes	,
2	Public Service Commission Assessment	
3	Other (Specify):	
4	Property Taxes	5.868,25
5	Other Taxes & Licenses	8, 158,76
6		
7		
8		
9	Total (Same as page 9, lines 18 and 37)	14,027,01
	OPERATING AND NONOPERATING INCOME TAXES	
Acct.	Account	Amount
No.	(a)	(b)
409.1	Income Taxes, Utility Operating Income – Federal	
409.1	Income Taxes, Utility Operating Income - State	
409.1	Income Taxes, Utility Operating Income - Other	
410.1	Provision for Deferred Income Taxes, Utility Operating Income	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income	
411.4	Investment Tax Credit Adjustments, Utility Operations	
	Total Income Taxes - Utility Operating Income (to page 9, line 19)	
409.2	Income Taxes, Other Income & Deductions - Federal	
409.2	Income Taxes, Other Income & Deductions - State	
409.2	Income Taxes, Other Income & Deductions - Other	
410.2	Provision for Deferred Income Taxes, Other Income & Decluctions	
411.2	Provision for Deferred Income Taxes – Credit, Other Income & Deductions	the state of the s
411.5	Investment Tax Credit Adjustments, Nonutility Operations	
	Total Income Taxes - Nonutility Operating Inc. (to page 9, line 33)	
	AMORTIZATION EXPENSE	
Acct.	Account	Amount
No.	(a)	(p)
404.1	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
405	Amortization of Other Gas Plant	
406	Amortization of Gas Plant Acquisition Adjustments	
407.1	Amortization of Property Losses	1.
407.2	Amortization of Conversion Expenses	
	Total Amortization Expense (Same as page 9, line 17)	

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SALES FOR RESALE - NATURAL GAS (Account 483)

- 1. Report particulars concerning sales of natural gas during the year to other gas utilities for resale. Sales to each customer should be identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
- Natural gas for the purpose of this schedule means either natural gas unmixed, or any other mixture of natural and manufactured
- gas. 3. Point of delivery, column (b), should show name of city or town or state, and such other designation necessary to enable identification on maps of respondent's pipeline system.
- Designate any sales which are other than firm sales, i.e., sales for storage, etc.
- Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, the several points of delivery shall be indicated in column (b) and the remainder of the information reported in a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a FERC rate schedule, the required information shall be furnished for each point of delivery.

N/A	

09/20/2009

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1. Report particulars of gas purchases during the year. 2. Natural gas for the purpose of classification herein is either natural gas unmixed, or any mixture of natural and manufactured gas. 3. Provide subheadings and totals for prescribed accounts 804-Natural Gas City Gate Purchases, and 805-Other gas Purchases. 4. Where purchases are from unfixed fields, or vendor is a partnership or joint interest arrangement, specify such large fields, or vendor is a partnership or joint interest arrangement, specify such large fields, or vendor is a partnership or joint interest arrangement, specify such large field or production area, county and state. 6. Field purchases of less than \$25,000 par year from individual non-associated vendors may be grouped by fields or production areas. Show numbers of purchases as grouped. 7. Show in column (c) the Selter's FERC rate schedule designation and date of contract, including such designations for purchases from independent productors. Intrestate purchases for which there is no required filing of a FERC rate schedule designation and in a footnote give superseded rate schedules and date of supersession, or a succinct explanation. The Operator's rate schedule designation is sufficient in cases where there are no co-converse under the same purchase contract, but the entire volume (h) and (f) must be shown for the purchase under the particular contract. Rate schedule designations are not required with respect to small purchases grouped as permitted in instruction 8.

schedule designations are		Total Policipo			propriate Clas				·	
Name of Vendor (Designate Associated Companies) (a)	Point of Receipt (b)	Saller's FERC Rate Schedule Designation and Date of Contract (c)	Well Mouth (d)	Field Line (8)	Gasoline Plant Outlet (f)	Other (g)	Approx. BTU per Cubic Foot (h)	MCF of Gas 14.73 PISA 60 F (I)	Amount ①	Avg. Amit per MCF (cents) (k)
PEI Resources	Salyerwile, Kentucky			×				24,669	26,405.43	1.07
									roon prominent and the state of	
					APPROPRIEST TOTAL					

GAS ACCOUNT - NATURAL GAS

- 1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent. Natural gas means either natural gas unmixed and any mixture of natural and manufactured gas.
- 2. Enter in column (b) the MCFs as reported in schedules indicated for the respective items of receipts and deliveries.
- 3. If the respondent operates two or more systems which are not inter-connected, separate schedules should be submitted. Insert pages should be used for this purpose.

Line No.	Item (a) GAS RECEIVED	MCF (14.73 PSIA at 60 F) (b)
1	Natural Gas Produced	
2	Purchases:	
3	Natural Gas City Gate Purchases (Account 804)	24.669
4	Other Gas Purchases (Account 805)*	21,001
5	Other Receipts (Specify):	
6		
7	MANUAL MA	
8		-
9	Total Receipts	24,669
10		
	GAS DELIVERED	
11	Natural Gas Sales (same as page 9, column (c), line 6)	& 2,328
12	Other Deliveries (specify):	1 2 3 3 3
13		
14		
15		
16	Total Deliveries	23,328
17		
18	Unaccounted for Gas	2,341
19	Natural Gas Used by Respondent	
20	Total Deliveries and Unaccounted For Gas	24,669

^{*} This type of gas purchase represents manufactured gas, reflnery gas or any gas other than natural gas

OATH
Commonwealth of <u>kenfucky</u>) ss:
County of Mas Hm
I. Pam W-//Ingms , having appeared before
the undersigned officer duly authorized to administer paths and being duly
sworn, state under oath that I am Yessent of
BIU Cus Company, Inc. ("Respondent"); that I
have supervision over the books of account and other financial records of the
Respondent and have control over the manner in which they are kept; that such
books and records have, during the period covered by the foregoing report, been
maintained in good faith in accordance with the accounting and other orders of
the Public Service Commission of Kentucky; that I have carefully examined the
foregoing report and to the best of my knowledge and belief the information
contained in this report is, so far as it relates to matters of accounts, in
accordance with the said books of account; that all other statements of fact
contained in the foregoing report are true; and that the foregoing report is a
correct and complete statement of the business and affairs of the Respondent in
every respect and manner during the period of time from and including
They 1, 20 08, to and including Monthly 31, 2007
11. 11. 11. 11. 11. 11. 11. 11. 11. 11.
TOH (()(())()())() (Signature of Officer)
, 5
Subscribed and sworn to before me, a <u>Notary</u> , in and for the State and County named in the above this <u>19 th</u> day of
and for the State and County named in the above this 19% day of
140 . 20 ()
(Apply Seal Here)
My Commission Expires (Julio 18th 2011
Debour Custer
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

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COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

B.T.U. GAS COMPANY, INC.)	
)	CASE NO.
ALLEGED VIOLATIONS OF ADMINISTRATIVE)	2007-00403
REGULATION 807 KAR 5:006, 807 KAR 5:022,)	
807 KAR 5:027 AND 49 CFR 191-192)	

ORDER

This case involves an investigation into the operation of B.T.U. Gas Company, Inc.'s ("BTU") natural gas facility in eastern Kentucky. At issue is whether BTU failed to maintain and operate this facility in accordance with 807 KAR 5:006, Section 14(1)(b), 807 KAR 5:022, 807 KAR 5:027, 49 C.F.R. Part 191, 49 C.F.R. Part 192, and 49 C.F.R. Part 199. Finding in the affirmative, we assess BTU the sum of \$170,000, with \$10,000 due and payable within 30 days.

PROCEDURE

Finding prima facie evidence that BTU had failed to comply with 807 KAR 5:006, Section 14(1)(b); 807 KAR 5:022; 807 KAR 5:027; C.F.R. Part 191; 49 C.F.R. Part 192; and 49 C.F.R. Part 199, the Commission ordered BTU to show cause why it should not be penalized for these alleged violations by Order dated December 1, 2009.

On March 4, 2010, the Commission held an evidentiary hearing in this matter at our offices in Frankfort, Kentucky. Pamela Williams, president and sole owner of BTU, and Richard Williams, vice-president and operator of BTU, appeared with counsel. At this hearing, the Commission heard testimony from the following persons: Jason

Brangers, Manager, Gas Pipeline Safety Branch, Kentucky Public Service Commission; William Aitken, Utility Regulatory & Safety Investigator IV, Gas Pipeline Safety Branch, Kentucky Public Service Commission; Melissa Holbrook, Utility Regulatory & Safety Investigator III, Gas Pipeline Safety Branch, Kentucky Public Service Commission; Steven Samples, Utility Regulatory & Safety Investigator III, Gas Pipeline Safety Branch, Kentucky Public Service Commission; Roger Wingate, President of R.L. Wingate and Associates; and Pamela Williams, president and sole owner of BTU.

BACKGROUND

BTU is a Kentucky corporation created in June 1994 and is a private natural gas distribution system. As of December 31, 2007, it owned, operated and managed facilities used to distribute natural gas to approximately 401 residential and 12 commercial and industrial customers, including four schools, in Magoffin County, Kentucky.¹ It is a utility subject to Commission jurisdiction pursuant to KRS 278.010(3)(b); KRS 278.040; KRS 278.495(2)(b); KRS 278.992(1); 807 KAR 5:022; 49 C.F.R. Part 191; 49 C.F.R. Part 192; and 49 C.F.R. Part 199. BTU owns facilities that consist of approximately 86 miles of 4-inch-and-under plastic piping with a maximum allowable operating pressure of 70 pounds per square inch. This system has one

Annual Report of BTU Gas Company, Inc. to the Public Service Commission of Kentucky for the Calendar Year Ended December 31, 2007 at 11. This is the last annual report filed with the Commission by BTU.

compressor station and access to about 100 wells. As of July 14, 2009, only five wells were actively feeding the system.²

On July 10, 2007, Commission Staff ("Staff") conducted a periodic regulatory compliance inspection of BTU in which 16 violations were cited in Report No. BTU-051407 ("2007 Inspection Report"). Based on this inspection report, the Commission, on May 1, 2008, found prima facie evidence that BTU had failed to comply with certain administrative regulations of the Commission, as well as certain regulations promulgated by the U.S. Department of Transportation, regarding the operation of natural gas pipelines. The Commission ordered BTU to show cause why it should not be subject to penalties prescribed in KRS 278.992(1) for these alleged violations. On May 20, 2008, BTU filed its written response. On June 9, 2008, the Commission entered an Order that established a procedural schedule.³

On July 14, 2009, a follow-up periodic regulatory compliance inspection of BTU was conducted to ascertain the status of the utility as related to pipeline safety and to confirm that the 16 violations cited in the 2007 Inspection Report had been corrected. The July 14, 2009 inspection revealed in Report No. BTU-052907 that, of the 16 previously documented violations cited in the 2007 Inspection Report, only six had been

² See Transcript of Hearing ("TR") at 139-141, Staff Exhibit 9, Periodic Regulatory Compliance Inspection, DTR Number 13, which lists as a deficiency BTU's failure to file Department of Transportation Form RSPA F7100, 1-1 (July 14, 2009); and Staff Exhibit 10, copy of RSPA F7100. BTU has never filed this required form.

³ On June 25, 2008, BTU filed its response to Staff's first information request, followed by BTU's filing of its additional response on July 15, 2008. Staff held an Informal Conference with BTU on July 17, 2008, which was followed by a memorandum of the IC filed by Staff on July 25, 2008. BTU filed its first response to the IC memorandum on August 25, 2008; its second response was filed on November 3, 2008; and its third response was filed on November 13, 2008.

corrected while ten remained uncorrected. Seven additional violations were documented.

On August 14, 2009, Jason Brangers, P.E., Manager, Gas Branch, Division of Engineering, Public Service Commission, notified BTU of the results of the July 14, 2009 inspection and requested that BTU respond to and outline corrective action for each of the 17 cited violations by September 2, 2009.⁴

Having not received any substantive response or plan for corrective action as requested on August 14, 2009, the Commission, on December 1, 2009, entered an Order for BTU to appear before it on January 27, 2010 to show cause why it should not be subject to penalties prescribed in KRS 278.992(1) for its failure to correct the 17 deficiencies contained in Mr. Brangers' letter of August 14, 2009 or to respond to the letter in any meaningful manner. Also included with this Order was a procedural schedule and a copy of the 2009 Inspection Report.

On December 18, 2009, BTU filed a response to the Commission's December 1, 2009 Order, as well as a motion for a continuance of the scheduled hearing and a motion for an informal conference with Commission Staff. On January 19, 2010, the Commission granted BTU's motion for a continuance and denied its motion for an informal conference. The procedural Order was amended and the hearing was continued to March 4, 2010.

See Letter from Jason Brangers to Richard Williams, BTU (August 14, 2009). Although Mr. Brangers had requested that BTU respond by September 2, 2009, a letter from Pam Williams to Mr. Brangers requesting an extension of time to respond ("I will get it in just as soon as I have it completed") was received on September 8, 2009. A substantive response to Mr. Brangers' letter was never received.

Pursuant to KRS 278.495(2)(a), the Commission has the authority to regulate the safety of the natural gas facilities of BTU.⁵ The Commission exercises this authority in conjunction with its authority to enforce any minimum safety standards adopted by the U.S. Department of Transportation ("U.S. DOT") pursuant to 49 U.S.C. § 60101 et seq. Additionally, the Commission may promulgate administrative regulations consistent with federal pipeline safety laws.⁶ Although the U.S. DOT has the ultimate responsibility for the regulation, enforcement, and compliance of gas pipeline safety, this authority has been delegated by the Secretary of the U.S. DOT to the Commission as the state agency that enforces pipeline safety regulations. It is through this delegation of authority, as well as that found in KRS Chapter 278 and 807 KAR Chapter 5, that the Commission regulates BTU's operations and facilities, using federal pipeline safety standards as the minimum safety standards required. As part of the Commission's certification, the U.S. DOT evaluates the Commission's performance on a regular basis.⁷

The Commission conducts various types of inspections of gas utilities as part of its enforcement process of federal pipeline safety regulations. One such routine or

⁵ KRS 278.495 states in pertinent part:

⁽²⁾ Notwithstanding any other provision of law, the commission shall have the authority to regulate the safety of natural gas facilities which are:

⁽a) Owned or operated by any public utility, county, or city, and used to distribute natural gas at retail.

⁶ KRS 278.495(2)(a).

⁷ TR at 11-13. A review related to the federal grant received by the Commission to implement the pipeline safety program is conducted by the Pipeline and Hazardous Materials Safety Administration ("PHMSA") at least once every three years. PHMSA also conducts an annual program evaluation. On all PHMSA evaluations since 2005, the Commission has received scores of 97 percent or higher.

standard inspection is called a "periodic regulatory compliance inspection," which was the inspection conducted of BTU in both 2007 and 2009. This type of inspection is normally conducted on a three-year cycle but can be conducted on a more frequent basis if necessary.⁸ In conducting periodic regulatory compliance inspections, Staff uses a standard inspection checklist.⁹

At the time of the July 14, 2009 follow-up inspection, it was expected that BTU's 16 violations cited in the 2007 Inspection Report would have been corrected. As stated earlier, this did not occur. With ten uncorrected violations from 2007 and seven additional violations from 2009, the total cited in the 2009 Inspection Report increased to 17.

SUMMARY OF VIOLATIONS

2009 INSPECTION REPORT

UNCORRECTED 2007 VIOLATIONS

(1) 49 C.F.R. Part 192.616(b): Public Awareness. The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.

<u>Deficiency</u>: BTU's public awareness plan did not follow the recommendations of API RP 1162 and BTU did not have records to indicate that its public awareness messages were given to customers

⁸ TR at 39. Other inspections conducted of gas utilities include farm tap installations, construction inspections, operator qualification inspections, integrity management inspections, jurisdictional inspections, and inspections to investigate incidents or complaints.

⁹ TR at 40-41; Form 2 Standard Inspection Report of a Gas Distribution Operator (Rev. 3/23/09 through Final Rule of 16 January 2009).

twice annually. BTU did not have documentation that this requirement had been met. 10

(2) 49 C.F.R. Part 192.805. Qualification Program. Each operator is required to have and follow a written operator qualification plan.

<u>Deficiency</u>: BTU did not have an Operator Qualification ("OQ") plan that included a list of covered tasks, a list of individuals and the tasks each is qualified to perform, and identification of the intervals at which evaluation of the individual's qualifications is needed.¹¹

(3) 49 C.F.R. Part 605(b) (9). Procedural manual for operations, maintenance, and emergencies. Each operator must take adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas, and make emergency rescue equipment available when needed.

<u>Deficiency</u>: BTU's Operations and Maintenance ("O&M") manual in place at the time of the inspection did not address procedures for taking precautions in situations of unsafe accumulations of gas. BTU must have emergency equipment, including breathing apparatus and a harness, available. BTU did not have the emergency equipment.¹²

¹⁰ TR at 128-129; Commission Staff Exhibit No. 9, DTR No. 1; Commission Staff Exhibit 13.

 $^{^{11}\,}$ TR at 129. Commission Staff Exhibit No. 9, DTR No. 2; Commission Staff Exhibit 13.

¹² TR at 130; Commission Staff Exhibit No. 9, DTR No. 3; Commission Staff Exhibit No. 13.

(4) 49 C.F.R. Part 192.625(f). Odorization of gas. Each operator must conduct periodic sampling of combustible gases using an instrument capable of determining the percentage of gas in the air at which the odor becomes readily detectable.

<u>Deficiency</u>: BTU was not using an instrument capable of measuring the gas at one-fifth of the lower explosive limit. The only document produced by BTU indicated that only a "sniff test" was being used. 13

(5) 49 C.F.R. Part 192.721. Patrolling. Mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage must be patrolled.

<u>Deficiency</u>: BTU had not patrolled mains where anticipated physical movement or external loading could cause failure or leakage (i.e., river crossings, lines under stress) and had not documented these lines or the intervals at which they must be patrolled. At the time of the inspection, there were lines under stress, such as a line going across a creek and a bridge. BTU did not have any patrolling records or sites identified.¹⁴

(6) 49 C.F.R. Part 192.723(b) (1). Leakage survey. A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every five calendar years at intervals not exceeding 63 months. The leakage survey should include tests of the

¹³ TR at 130-131; Commission Staff Exhibit No. 9, DTR No. 4; Staff Exhibit No. 13.

¹⁴ TR at 132; Staff Exhibit No. 9, DTR No. 4; Staff Exhibit 13.

atmosphere in gas, electric, telephone, sewer, and water systems, including at manholes, cracks in pavement and sidewalks.

<u>Deficiency</u>: BTU has not conducted leakage surveys in non-business districts with leak detector equipment within those districts every five years. A leakage survey is required to determine if there are leaks on the system in order to prevent an incident such as a fire or explosion from occurring.¹⁵

(7) 40 C.F.R. Part 192.747. Valve Maintenance. Each valve must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

<u>Deficiency</u>: BTU did not have critical or system safety valves listed in its records and did not identify specifically when each valve was checked and serviced. The records available at the time of the inspection to show that this requirement had been met were totally inadequate. At a minimum, there must be a separate inspection sheet for each valve telling the measurement of the valve, where it is located, and the size of the nut on each valve. An inspection record is needed for each valve.¹⁶

(8) 49 C.F.R. Part 192.739. Pressure limiting and regulating stations: Inspection and testing. Each pressure limiting station, relief device, and pressure

¹⁵ TR at 73,131,132; Staff Exhibit No. 9, DTR No.7; Staff Exhibit No.13.

TR at 133; Staff Exhibit No. 9, DTR No. 8; Staff Exhibit No. 13.

regulating station . . . must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests. . . .

<u>Deficiency</u>: BTU did not have specific regulators and relief devices listed in its records and did not identify specifically that each had been inspected each year. There must be a record for any regulator or control device that is controlling the pressure in the BTU system, including the size orifices, the serial number, identification of the regulator, and inspection for each year, and it must be inspected by an operator-qualified person. None of these requirements had been met.¹⁷

(9) 49 C.F.R. Part 192.603(b). General provisions. Each operator shall keep records necessary to administer the procedures established under Section 192.605.

<u>Deficiency</u>: BTU did not have records to show that its O&M procedures were being implemented for odorant sampling, patrolling, leak surveys, regulator inspections, or valve inspections.¹⁸

(10) 49 C.F.R. Part 192.481. Atmospheric corrosion control: Monitoring. Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion. . . .

<u>Deficiency</u>: BTU was not inspecting its system for atmospheric corrosion on the above-ground piping. It is required that an inspection

¹⁷ TR at 134; Staff Exhibit No. 9, DTR No. 9; Staff Exhibit No. 13.

¹⁸ TR at 133-134; Staff Exhibit No. 9, DTR No. 11; Staff Exhibit No. 13.

be done on above-ground steel piping, all meters, the steel piping at the customers' meters where it comes out of the ground, and whatever other steel, like a bridge crossing, that exists in the system. An operator-qualified person must check each at least once every three years for atmospheric corrosion. BTU had no records that confirmed that these inspections had been conducted.¹⁹

2009 NEW VIOLATIONS

(11) 49 C.F.R. Part 192.723(b) (1). Distribution systems: Leakage surveys. A leakage survey with leak detector equipment must be conducted in business districts, including tests of atmosphere in gas, electric, telephone, sewer, and water systems and at manholes, cracks in pavement and sidewalks... on an annual basis.

<u>Deficiency</u>: BTU had not even identified business districts within its system or conducted leak surveys with leak detector equipment within those districts annually. During the inspection, it was discovered that there were several wells and regulators that were feeding four schools — South Magoffin, Salyer, Middle Fork and North Magoffin, all elementary schools. Schools and churches are considered part of the business district because they are high-risk areas, usually containing pipes under hard surfaces, such as parking lots. As with other areas

¹⁹ TR at 135; Staff Exhibit No. 9, DTR No. 10; Staff Exhibit No.13.

in a business district, the purpose is to find any leaks in order to prevent problems in high-risk, generally high-population areas.²⁰

(12) 49 C.F.R. Part 192.614. Damage prevention program. Each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. . . .

<u>Deficiency</u>: BTU was not a member of a qualified one-call center, known as Kentucky 811, as of March 4, 2010. This was confirmed by the testimony of Steven Samples, the inspector who conducted the 2009 inspection.²¹

(13) 49 C.F.R. Part 191.11(a). Except as provided in paragraph (b) of this section, each operator of a distribution pipeline system shall submit an annual report for that system on U.S. DOT Form RSPA F 7100-1-1.

<u>Deficiency</u>: BTU did not submit its annual report each year as required. This report is required by the PHMSA for all distribution gas companies, and the report must be turned in by March 15 of each year for the previous year. Gas distribution companies send these forms to the U.S. DOT, to PHMSA and generally send a copy to the Commission. This report shows how many miles of pipe are in the system and whether the pipe is plastic or steel. It also has the type of leaks the system had during the previous year, whether dig-ins, corrosion, or bad fusions occurred. This is to assist the operator in

TR at 137; Staff Exhibit No. 9, DTR No. 6; Staff Exhibit No. 13.

²¹ TR at 138; Staff Exhibit No. 9, DTR No.12; Staff Exhibit No.13.

keeping track of the miles of pipe, including any pipes that have been deleted or added during the previous year.²²

(14) 49 C.F.R. Part 199.101(a). Anti-drug plan. Each operator shall maintain and follow a written anti-drug plan that conforms to the requirements of this part and the DOT Procedures.

Deficiency: BTU did not have an anti-drug plan.²³

(15) 49 C.F.R. Part 199.202. Alcohol misuse plan. Each operator must maintain and follow a written alcohol misuse plan that conforms to the requirements of this part and DOT Procedures concerning alcohol testing programs.

<u>Deficiency</u>: BTU did not have a written alcohol misuse plan as required.²⁴

(16) <u>807 KAR 5:006, Section 14(b)</u>. <u>For dangerous conditions</u>. If a dangerous condition relating to the utility's service which could subject any person to imminent harm or result in substantial damage to the property of the utility or others, is found to exist on a customer's premises, the service shall be refused or terminated without advance notice.

<u>Deficiency</u>: BTU failed to turn service off when a BTU customer with above-ground plastic pipe designed for water, with hose clamps, was being used for the gas service line. This plastic pipe was above

TR at 140; Staff Exhibit No. 9, DTR No.13; Staff Exhibit No.10: Staff Exhibit No. 13.

²³ Staff Exhibit No. 9, DTR No. 14; Staff Exhibit No.13.

²⁴ Staff Exhibit No. 9, DTR No. 15; Staff Exhibit No. 13.

ground around the meter setting, and it was going through a culvert and then through the front yard. Above-ground plastic pipe is a safety hazard and must be buried per regulations.²⁵

(17) 49 C.F.R. Part 192.807. Recordkeeping. Each operator shall maintain records that demonstrate compliance with this subpart.

<u>Deficiency</u>: BTU was not maintaining records that demonstrate compliance with the OQ regulation.²⁶

DISCUSSION

Pamela Williams, president and sole owner of BTU since 1994, testified that only she and her husband, Richard Williams, work for BTU, but they contract services from P&J Resources, a company she also owns.²⁷ Ms. Williams stated that she did not have any disagreement with the 2009 inspection and that "I told them there were several things that I was not aware that I was supposed to be doing that they said I should be, but, as far as me having any concerns, no New things come into play, apparently, and, as a gas utility, you don't have to be notified. You're supposed to pick up on all this stuff. Things had changed from '07 to '09. . . . [I]f there's something like the PSC would require, I would expect that they will send me a notification [I]f something changes with the light company or anybody else, they send you some kind of notification [T]hat's the way I work." She agreed that the 2007 and the 2009

²⁵ TR at 143-144; Staff Exhibit No. 9, DTR No. 16; Staff Exhibit No.11, Staff Exhibit No.13.

²⁶ Staff Exhibit No. 9, DTR No. 17; Staff Exhibit No. 13.

²⁷ TR at 167, 168.

Inspection Reports were "pretty specific notifications" that told her "what needed to be fixed."

When asked again if there was any disagreement as to what problems had been identified and what she needed to do, Ms. Williams responded, "No, I had everything that I was supposed to have. It just didn't meet the standards that it should have, which, from the time we started to that point, it had, apparently, but some things had changed. I needed to update. Let me put it that way."²⁸

During the 2007 inspection, several documents were requested by the inspector, Melissa Holbrook, to be produced for her to review. Ms. Williams claimed that there were certain documents she could not find.²⁹ One of these documents was a map of the BTU system, which plays an integral part in this type of inspection. Because no map was made available to Ms Holbrook, her ability to conduct a thorough field inspection was greatly hindered. Because there was no map, it was not possible for her to locate and identify the layout of all the principal items of BTU's plant, including its

²⁸ TR at 170-172.

TR at 65, 66. Melissa Holbrook, Inspector IV, Gas Branch Division, Public Service Commission, contacted BTU by phone more than a month in advance to set up the date of the inspection with Pamela Williams, BTU's president. On April 2, 2007, Ms. Holbrook sent an e-mail to Ms. Williams, with a list attached detailing the items she wanted to see during the inspection. On May 7, 2007, Ms. Holbrook sent Ms. Williams a second e-mail to remind her of the inspection on May 10, 2007. A copy of the first e-mail with the attached list was introduced at the hearing as Staff Exhibit No. 5. Ms. Williams did not ask for clarification of what she was expected to have available at the inspection at any time prior to the date of inspection.

pipeline, in order to have an accurate field review.³⁰ Instead, she was restricted to looking at areas around the BTU office that were brought to her attention by one of BTU's contractors.

At the hearing, when questioned about the missing documents from the 2007 inspection and specifically asked whether they had been located, Ms. Williams responded, "I probably have not even looked for them because we kept moving forward, trying to get stuff done that I knew I needed to do. So I don't know that I would even have it. That's what I told her. I don't know that I would even have it because the paperwork I have is not what they want anyway. So – but I have been doing this stuff."³¹ (Emphasis added.)

At the 2009 inspection, BTU did not have the required emergency rescue equipment for its employees, as required in its O&M Plan. When asked if BTU had purchased the equipment since the 2009 inspection, Ms. Williams testified, "I don't know

TR at 70,71; 807 KAR 5:006, Section 22(1), states in pertinent part:

Each utility shall have on file at its principal office located within the state and shall file upon request with the commission a map or maps of suitable scale of the general territory it serves or holds itself ready to serve showing the following:

⁽a) Operating districts.

⁽b) Rate districts.

⁽c) Communities served.

⁽d) Location and size of transmission lines, distribution lines and service connections.

⁽e) Location and layout of all principal items of plant.

⁽f) Date of construction of all items of plant by year and month.

³¹ TR at 172.

that I have it all like you all would want, but we're in the process – I just have got these done, so I'm in the process of getting everything done that needs to be done with this."³²

Ms. Williams testified that she was not aware that BTU was required to file a federal annual report with the PHMSA. "Where does it come from? Do they mail something to – I don't have that. I've never, that I know of, have never filled one of those out."³³

Roger Wingate, President of R.L. Wingate and Associates, testified that he had been hired by BTU to train personnel on 16 tasks that are listed in the Operator Qualification Manual that he had recently prepared for the company.³⁴ Mr. Wingate discussed all of the tasks on which he planned to train; three of them involved the use of different instruments which were required to be used to correctly accomplish each task.³⁵ These included the following: an instrument to monitor the odorization of natural gas in the system;³⁶ an instrument used to detect the existence of any natural gas, such

³² TR at 176.

³³ TR at 178.

Mr. Wingate testified that he planned to include the following tasks in his training: joining plastic pipe with heat fusion; joining plastic pipe with mechanical couplings; installing meter and regulator set; installing service lines; tapping pipelines; purging pipelines; monitoring odorization with proper equipment; performing patrolling and leakage surveys on gas pipelines; locating and marking underground facilities; pressure testing pipelines; inspecting and testing pressure limiting stations; inspecting emergency valves; prevention of accidental ignition; making field repairs on gas pipelines; and, how to abandon and deactivate a gas pipeline system.

³⁵ TR at 111.

³⁶ TR at 102.

as methane, when "you walk the gas line with it" to conduct leakage surveys;³⁷ and equipment to check and monitor the pressure in new or replaced pipelines when they are installed.³⁸

Ms. Williams testified that BTU did not have any of the required equipment Mr. Wingate had discussed. She testified, "No. Today is the first day that Mr. Wingate, and I, and Richard have even met. So, no. He's going to . . . tell us what we need. Today is the first day those three names [of instruments] that he mentioned had even been mentioned to me as far as equipment goes." (Emphasis added.)

BTU has operated as a private natural gas distribution system for 16 years, and yet it did not have the proper equipment needed to protect its employees/contractors; nor did it have the proper instruments needed to measure <u>critical</u> elements in its operations, such as gas leakage. Most alarming was the fact that its president was not even aware of the need to have appropriate equipment and instruments available. After 16 years as president and sole owner of BTU, she had apparently never heard of the equipment needed but was depending on Mr. Wingate to tell them what they needed and how to perform the most basic, significant tasks.

The issues discussed above, including the lack of required documents and a map of the BTU system, the lack of emergency rescue equipment for the safety of its employees/contractors, the lack of any knowledge by its president that there is an ongoing responsibility for BTU to file an annual report with the federal government, and

³⁷ TR at 108.

³⁸ TR at 111, 112.

³⁹ TR at 183.

the lack of any knowledge of the need for specific equipment to perform required tasks represent but a few examples of BTU's nonchalant attitude and behavior regarding operating a safe gas company.

The magnitude of the information presented to us in this case confirms that BTU has consistently been poorly managed and operated by individuals who have shown little interest in changing. BTU has failed to carry out its most basic obligations. Since its operations began in 1994, Ms. Williams has been the president and sole owner of the company and her husband, Richard Williams, has been the vice-president and operator. The attitude and actions exhibited by both of them throughout this entire proceeding, as well as Ms. Williams' testimony, evidence a general lack of awareness, knowledge, and skill needed to operate a private gas distribution system in a safe manner. BTU has been in operation for approximately 16 years, yet its president presents herself as totally uninformed and unfamiliar with what is required. From the initiation of this case, BTU has promised to correct the violations, yet action on these promises has been slow in some cases and nonexistent in others. Whether unable or unwilling to perform the rigorous oversight necessary to ensure safety of the entire gas operation, the parties' actions going forward must change immediately and dramatically.

For 10 of the 16 deficiencies cited in the 2007 Inspection Report to remain uncorrected after two years, along with the accumulation of seven additional deficiencies cited in the 2009 Inspection Report, is completely inexcusable. Ignorance of the basic requirements, as those cited in the 2007 and the 2009 Inspection Reports, does not excuse BTU's actions. BTU is expected to know the applicable requirements and is expected to comply with each and every one. The law imposes on gas

companies the very basic duty to know what is required, know how to achieve compliance, and take the actions needed to actually do so. Failure to fulfill this basic duty calls into serious question BTU's managerial and technical abilities to continue its operation as a gas utility.

The Commission finds that the 17 alleged violations cited in the 2009 Inspection Report, and as described above, have been factually established as true and that BTU is found to be at fault on each. The Commission further finds that certain consequences are appropriate. Pursuant to KRS 278.992(1), the Commission may assess a civil penalty not to exceed \$25,000 for each violation for each day that the violation persists. However, the maximum civil penalty shall not exceed \$500,000 for any related series of violations. Since we have found BTU guilty of 17 violations, the Commission must now consider the amount of the penalty to be assessed. KRS 278.992(1) provides that any civil penalty may be compromised by the Commission. In determining the amount of the penalty or the compromised amount, the appropriateness of the penalty to the size of the business charged, the gravity of the violation, and the good faith of the person charged in attempting to achieve compliance after notification of the violation shall be considered.

As BTU has failed to file its Annual Report with the Commission as required by KRS 278.140 since 2007, the accurate size of the business is unknown and therefore cannot accurately be taken into consideration. The gravity of the 17 violations is significant. We will accept as true at this time, and only with serious reservations, that BTU genuinely intends to reach compliance going forward. We have taken into account as a mitigating factor BTU's employment of Roger Wingate to prepare three of its

required manuals and to train BTU personnel/contractors to perform the 16 operator tasks identified in his testimony.

In order to impress upon BTU the seriousness of its offenses and to provide BTU with an incentive to avoid future violations, the Commission finds that a penalty of \$10,000 should be assessed against BTU for each of the 17 violations, for a total penalty of \$170,000. Of this total penalty, \$10,000 shall be due within 30 days of the date of this Order, with the remaining \$160,000 suspended for two years from the date of this Order. Provided that BTU has corrected the 17 outstanding violations in accordance with this Order and conducts its future operations consistent with all state, federal and Commission laws, regulations and Orders, the remaining penalty will be vacated at the end of the two-year period. However, if BTU violates any of its obligations listed in the Compliance Timelines appended to this Order, BTU as a corporate entity, Pamela Williams and Richard Williams, individually, shall show cause why the remaining \$160,000 penalty that is suspended in this Order should not be due and payable immediately, in addition to any other penalties that may be assessed against BTU as a corporate entity, as well as against Pamela Williams and Richard Williams, individually, for the violations that triggered enforcement of the penalty assessed herein. BTU's compliance with the above requirements will be monitored through the use of the inspection process of the Commission. It should again be stressed that any future action brought by this Commission against BTU as a corporate entity shall also be brought against Pamela Williams and Richard Williams, individually, in accordance with KRS 278.992(1).

In addition to the above, we find that BTU's history of non-compliance demonstrates that it lacks appreciation for its accountability to the safety of its customers and to the public at large, both groups that would be subject to dire consequences should BTU's actions result in a fire, gas explosion, or other disaster. Therefore, the Commission intends to closely monitor BTU's compliance and hold BTU to a strict schedule of compliance timelines to ensure that it does not avoid its responsibilities in the future. A list of these compliance timelines is incorporated herein as an Appendix to this Order.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, HEREBY ORDERS that:

- 1. BTU shall take the necessary steps to fulfill all of the compliance timelines as stated in the Appendix.
- 2. BTU is assessed a civil penalty of \$170,000, with \$10,000 due within 30 days of the date of this Order. BTU shall pay \$10,000 in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky" and mailed or delivered to Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602. The remaining \$160,000 is suspended for two years from the date of this Order. Provided that BTU has corrected the 17 outstanding violations in accordance with this Order and Appendix and conducts its future operations consistent with all state, federal and Commission laws, regulations and orders, the remaining penalty will be vacated at the end of two years. Otherwise, the amount of \$160,000 shall be due and payable immediately to the Treasurer, Commonwealth of Kentucky, and shall be delivered in the same fashion as the initial

payment of \$10,000. BTU's compliance with the above requirements shall be monitored through the use of the inspection process of the Commission.

- 3. The \$170,000 penalty assessed against BTU is for its failure to comply with 49 C.F.R. Part 192.616(b); 49 C.F.R. Part 192.805; 49 C.F.R. Part 192.605(b)(9); 49 C.F.R. Part 192.625(f); 49 C.F.R. Part 192.721; 49 C.F.R. Part 192.723(b)(1); 49 C.F.R. Part 192.723(b)(2); 49 C.F.R. Part 192.747; 49 C.F.R Part 192.739; 49 C.F.R. Part 192.481; 49 C.F.R. Part 192.603(b); 49 C.F.R. Part 192.614; 49 C.F.R. Part 191.11(a); 49 C.F.R. Part 199.101; 49 C.F.R. Part 199.202; 807 KAR 5:006, Section 14(b); and 49 C.F.R. Part 192.807.
 - 4. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED ()

SEP 23 2010

KENTUCKY PUBLIC SERVICE COMMISSION

Case No. 2007-00403

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00403 DATED SEP 2 3 2010

COMPLIANCE TIMELINE

- The initial leakage survey of the entire BTU system shall be completed within 45 days of the date of this Order.
- All other outstanding deficiencies shall be addressed and corrected within 90 days of the date of this Order.
- All forms, reports, and documentation generated in an effort to cure an outstanding deficiency shall be submitted to the Commission within 10 days of its completion. Any such forms, reports, and documentation that have already been completed shall be submitted within 10 days of the date of this Order.
- BTU shall notify the Commission at least five days prior to the start of the initial leak survey and at least 15 days prior to the start of any subsequent surveys.
- Subsequent leak surveys shall be conducted at least once annually (not to exceed 15 months) on the entire BTU system, for the next five years (2011-2015). Pending review and evaluation of the leak survey report(s), the Commission may allow BTU to perform leakage surveys according to regulations (i.e., within business districts, outside business districts).
- The leak survey report shall include, at a minimum, the following information:
 - Location (address) of each leak discovered
 - Grade of each leak discovered (Grade 1, Grade 2, or Grade 3)
 - Repair schedule for each leak discovered (when each leak will be fixed)
- The leak survey report shall be submitted to the Commission within 10 days of survey completion.
- If any leaks are discovered on the BTU system, the following repair schedule shall be followed:
 - Grade 1 Leak Requires prompt action to protect life and property, and continuous action until the conditions are no longer hazardous.
 - Grade 2 Leak Repaired or cleared within six months of discovery.
 - Grade 3 Leak Repaired or cleared within 12 months of discovery.

- BTU shall initially patrol its mains within 90 days of the date of this Order.
 Subsequent patrols shall be conducted at least once each quarter, but more frequently as necessary.
- BTU shall conduct, at a minimum, weekly hydrogen sulfide tests/checks and properly document these tests.
- BTU shall conduct, at a minimum, a weekly odorant test using an instrument capable of determining the percentage of gas in air at which the odor becomes readily detectable. These tests must also be properly documented.
- BTU shall use forms approved by the Commission.
- Beginning in 2011 and continuing through 2015, the following reports and documentation shall be submitted as indicated:
 - Operator Qualification Records annually by June 30 of each year
 - Leakage survey report within 10 days of completion
 - Valve Inspections -- within 10 days of completion
 - Regulator Inspections within 10 days of completion
 - Corrosion Records within 10 days of completion
 - Weekly Odorant Tests quarterly, within 15 days of the end of the quarter
 - Weekly H2S Tests quarterly, within 15 days of the end of the quarter
- BTU shall be inspected for compliance with Pipeline Safety regulations at least once each calendar year for the period of 2011-2015.

Honorable Karen Chrisman Attorney at Law McBrayer, McGinnis, Leslie & Kirkland PLLC 305 Ann Street Suite 308 Frankfort, KY 40601

Angela Hamilton Registered Agent B.T.U. Gas Company, Inc. P. O. Box 707, Oakley Road Salyersville, KY 41465

Pamela Williams B.T.U. Gas Company, Inc. P. O. Box 707, Oakley Road Salyersville, KY 41465

COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION



In the Matter of:

B.T.U. GAS COMPANY, INC.)	
)	
)	CASE NO.
ALLEGED VIOLATIONS OF ADMINISTRATIVE)	2007-00403
REGULATION 807 KAR 5:006, 807 KAR 5:022,)	
807 KAR 5:027 AND 49 CFR 191-192)	

PETITION TO REVISE PENALTY PAYMENT SCHEDULE

Comes B.T.U. Gas Company, Inc. (B.T.U. Gas), by counsel, and respectfully requests the Commission to revise the penalty payment schedule established in the Commission's Order to allow B.T.U. Gas to pay the \$10,000 penalty in installments.

By Order dated September 23, 2010, the Commission assessed a penalty of \$170,000 against B.T.U. Gas for violations of several administrative regulations and ordered the company to pay \$10,000 of the penalty on or before October 23, 2010. The Commission suspended the remaining \$160,000 penalty for two years, provided B.T.U. Gas meets certain requirements. Due to unforeseen circumstances, B.T.U. Gas respectfully asks the Commission to revise the payment schedule to allow the company to pay the \$10,000 penalty according to the following installment schedule: \$2,500 on November 23, 2010; \$2,500 on December 23, 2010; and \$5,000 on January 23, 2011. The grounds for this motion are set out below.

B.T.U. Gas owner and operator, Pamela and Richard Williams, reported that on September 3, 2010, B.T.U. Gas suffered a theft and fire at its office and shop. Several pieces of equipment the company had bought to address the violations found by the Commission, including new machines, meters, regulators, and welding equipment, were stolen. The

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company's records and written safety programs were also destroyed in the fire. Although the expert hired by B.T.U. Gas, Roger Wingate, has replaced the written programs, the company must use its available funds to replace the stolen equipment. Those funds are limited now, due to low customer usage and low seasonal demand for natural gas. B.T.U. Gas expects demand for natural gas and its revenue to increase substantially beginning in November and represents that it will be able to pay the \$10,000 penalty according to the installment schedule outlined above. Pamela and Richard Williams are unable to pay the penalty from their personal funds, as they are involved in a bankruptcy proceeding, which does not affect B.T.U. Gas.

B.T.U. Gas understands the gravity of the violations found, appreciates the Commission's consideration in probating most of the assessed penalty, and declares that it will make every good faith effort to comply with the Commission's conditions. The company represents that it has already taken steps to correct the violations and will continue to work diligently to meet the Commission's expectations. B.T.U. Gas submits that this motion is necessary due to exigent circumstances and asks the Commission to enter an order revising the payment schedule as requests.

Respectfully submitted,

WILLIAM D. KIRKLAND

McBrayer, McGinnis, Leslie & Kirkland

P.O. Box 1100

Frankfort, Kentucky 40602

(502) 223-1200 (Telephone)

(502) 227-7300 (Facsimile)

Counsel for B.T.U. Gas Company, Inc.

CERTIFICATE OF SERVICE

I hereby certify that true and accurate copies of the foregoing motion were served via facsimile and by first class mail, postage prepaid, this ______day of October 2010 upon the following:

Jeff R. Derouen, Executive Director Kentucky Public Service Commission P.O. Box 615 211 Sower Boulevard Frankfort, Kentucky 40602-0615 Facsimile: (502) 564-3460

Hon. Helen Helton, General Counsel Kentucky Public Service Commission P.O. Box 615 211 Sower Boulevard Frankfort, Kentucky 40602-0615 Facsimile: (502) 564-3460

Clivi D. Kikland