

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF SIGMA GAS)
CORPORATION AND SALYERSVILLE GAS)
COMPANY, INC. FOR APPROVAL OF THE) CASE NO. 93-349
ACQUISITION OF THE ASSETS OF)
SALYERSVILLE GAS COMPANY, INC.)

O R D E R

IT IS ORDERED that Sigma Gas Corporation ("Sigma") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record within 10 days of the date of this Order. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets is required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6.

1. Explain why Sigma obtained a loan from Bank Josephine instead of from Citizens National Bank as proposed in the transfer application. Provide a copy of the loan agreement with Bank Josephine and the amortization schedule of the new loan.

2. Explain any terms and conditions of the loan with Bank Josephine which differ from the financing proposed in the transfer application.

3. According to the cash flow statement provided in the transfer application, there was to be a monthly principal and interest payment of \$1,900. Explain why there was no interest or

principal payment recorded on Sigma's books in the month of January.

4. Explain why there was no amortization of the acquisition adjustment recorded for January.

5. Explain how Sigma determined the \$1,000 depreciation expense recorded for the month of January. Provide a copy of the depreciation schedule which supports this level of expense.

6. Provide an explanation for general journal entry no. 1 contained in Sigma's filing of April 19, 1994.

7. Explain why Sigma incurred no purchased gas expense during the month of January. If the expense was inadvertently omitted, provide revised financial statements and correct the general ledger to reflect this expense.

8. Explain why Sigma reported no costs in the month of January to reflect payments under its management contract with Estill Branham.

9. As of the date of this Order, Sigma has not advised the Commission on the status of the noted compressor deficiencies or the purchase of a new compressor as directed by the Commission in its January 24, 1994 Order.

a. Have the deficiencies cited in the January 11, 1994 inspection memorandum been corrected? If not, why?

b. Has Sigma purchased and installed a new compressor?

If yes:

(1) Provide the design specifications and operating characteristics of the new compressor.

(2) Is it presently connected and capable of operating if needed? If not, why?

Done at Frankfort, Kentucky, this 10th day of May, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director