

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ELIZABETH STEPHENS)
BIERBAUER ATTORNEY-IN-FACT FOR D. C.)
STEPHENS, D/B/A LESLIE OIL AND GAS) CASE NO. 94-321
COMPANY AND COW CREEK GAS INC. FOR)
APPROVAL OF SALE TO COW CREEK GAS INC. OF)
130 HIBBARD, PIKEVILLE, KENTUCKY PURSUANT)
TO KRS 278.020(4)(5))

O R D E R

IT IS ORDERED that Leslie Oil and Gas Company ("Leslie Gas") and Cow Creek Gas, Inc. ("Cow Creek Gas") shall file the original and 10 copies of the following information with the Commission with a copy to all parties of record no later than October 10, 1994. The parties shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested should a public hearing be scheduled.

1. Are the prospective owners aware that Leslie Gas has no tariff on file with this Commission?

2. Are the prospective owners aware that the Commission has brought suit to collect \$28,675 for unpaid assessments and penalties?

3. Will the prospective owners file a tariff for the Commission's approval upon completion of the transfer?

a. If yes, will the tariff contain the \$5.25 per Mcf rate for service referenced in Cow Creek Gas's "Adoption Notice No. 1" filed September 9, 1994? Is \$5.25 the rate currently being charged by Leslie Gas?

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b. Are any charges being assessed by Leslie Gas other than the volumetric rate for gas sold? If so, what are they?

c. Are there any other rules, regulations, or requirements for the provision of gas service by Leslie Gas? If so, what are they?

4. Who is the current gas supplier to Leslie Gas? Will there be any changes in gas supply sources or rates if the transfer of ownership is approved by the Commission?

5. Provide information about the local wells providing gas to Leslie Gas to include gas pressure, odorant level, and hydrogen sulfide.

6. Provide a map of the Leslie Gas system.

7. Page 1 of the Assignment, Bill of Sale and Conveyance states that the utility is being sold for "one dollar and other good and valuable consideration set out in receipt and agreement of even date hereof executed by Assignor and Assignee hereby acknowledges." Provide a detailed description of the any "other good and valuable consideration."

8. Provide a schedule of utility plant in service and accumulated depreciation at the anticipated date of sale.

9. Provide a balance sheet at the anticipated date of sale.

10. In the letter of August 18, 1994 from the president of Cow Creek Gas to Mr. John Allen (Exhibit C), it is indicated that

the managers of Cow Creek Gas have experience in compiling reports required by the Commission. Please provide a list of all companies which are in some way affiliated with or connected to Cow Creek Gas, Mr. Kanney or Mr. Rohrer. Also, identify which reports these entities or individuals have completed and filed with the Commission.

11. The letter contained in Exhibit C to the application indicates that Cow Creek Gas has the financial ability to serve Leslie Gas customers, having operated in Eastern Kentucky since 1989. Please provide the most recent financial statement available for Cow Creek Gas.

12. Provide a detailed listing of all the assets of Leslie Gas that will be acquired by Cow Creek Gas under the terms of the purchase agreement in Exhibit B. Include the original cost, accumulated depreciation and net book value for each asset listed.

13. Provide copies of any contracts for management or operational services which will be provided by outside parties to Cow Creek Gas for the operation of the Leslie Gas system.

14. Provide the accounting entries to be made on Cow Creek Gas's books once the purchase is completed. Entries must be in conformity with the Uniform System of Accounts ("USoA").

15. Provide a projected 12-month income statement in accordance with the USoA for Cow Creek Gas reflecting the anticipated revenues and expenses after the purchase.

16. Provide a disclosure of any relationships existing between Cow Creek Gas and the operator of the Leslie Gas system.

17. Provide any recent financial statements given to Cow Creek Gas by Leslie Gas or any other entity prior to the agreement to purchase.

18. In the Utility Operating Agreement there appears to be no discussion of how the prices for other services will be determined. Please explain any agreement Cow Creek Gas has with the proposed operator for the pricing of line repairs and maintenance.

19. Explain who will be responsible for filing reports with the Commission under the operating arrangement with Dema Gas.

Done at Frankfort, Kentucky, this 30th day of September, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director