

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF SENTRA CORPORATION)
FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY TO CONSTRUCT FACILITIES,)
APPROVAL OF FINANCING, APPROVAL OF) CASE NO. 97-429
INITIAL RATES AND OPERATION OF A NATURAL)
GAS DISTRIBUTION SYSTEM FOR THE CITY OF)
FOUNTAIN RUN, KENTUCKY)

O R D E R

IT IS ORDERED that Sentra Corporation ("Sentra") 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 15 days from the date of this Order. Sentra shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information should a public hearing be scheduled.

1. Will Sentra's gas supplier include with its billing information the Btu content of the gas Sentra purchases?
2. If Sentra's rates were set out in Mcf as opposed to Dth, what would the proposed rates be?
3. What is the status in acquiring the necessary easements and rights-of-way for the construction of the proposed pipeline?
4. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the office rent:

a. Provide any lease contracts Sentra has entered into or will enter into for this office space.

b. What is included in the \$200 rental expense?

c. Provide a description of the office space, including the dimensions of the office space.

d. Provide quotes of comparable space or other support from an independent realtor.

e. Explain whether the office rent of \$200 per month will include the use of office supplies. If yes, why should Sentra be allocated office supplies from another company instead of invoicing and purchasing its own supplies?

5. Provide copies of all procedures Sentra has established to ensure that its records and operations are separate and distinct from that of any company with which Sentra shares staff or assets.

6. Provide copies of all procedures Sentra has established to ensure fair pricing of services between itself and any company with which Sentra shares staff or assets.

7. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the management/clerical expense, provide the following:

a. The number of hours that management and engineering services will be utilized from the officers of Daugherty Petroleum, Inc.

b. An explanation of the statement which says, "Further assumption that one per day services from a full time clerk/secretary earning \$10 per hour will be utilized."

8. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the field and hookup labor expense, provide the following:

a. A workpaper showing how the labor cost of \$60 per meter was calculated. Include all documentation supporting the calculation.

b. Documentary evidence supporting the projection that there are 57 potential customers during a 3-year period.

c. An explanation of whether Sentra has done any surveying which asks if the person would be interested in having natural gas available in the area. If so, provide copies of the surveys completed.

9. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the telephone expense, explain how \$50 per month base charge and \$50 per month long-distance charges were determined.

10. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the repairs expense and the bad debts expense, explain how .5 percent of gross sales was determined for repairs and bad debts.

11. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the product and liability insurance, has Sentra received any quotes for product and liability insurance? If yes, provide copies of any product and liability insurance quotes in estimating its cost. If no, explain how Sentra determined the annual premium of \$1,800.

12. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to the depreciation expense, Sentra is proposing to add new customers for 1999, 2000 and 2001. Will Sentra be adding more utility plant to serve

the additional customers? Explain why depreciation expense is not increasing although the number of customers is increasing.

13. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to meter reading and billing, has Sentra received any quotes for this service? If yes, provide the quote(s) or contract that states the cost at \$3.00 per month per customer. If no, explain how Sentra determined the \$3.00 per month per customer charge.

14. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to printing costs, has Sentra received any quotes for the cost? If yes, provide a copy of the quote. If no, how did Sentra determine that printing costs should be estimated at \$50 per month?

15. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to training and travel, how did Sentra determine that training and travel should be estimated at \$100 per month?

16. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to KPSC fees, filing, and records, how did Sentra determine that fees, filing, and records should be estimated at \$150 per month. Provide any workpapers justifying the expense.

17. Refer to Item 7 of the Response to the Commission's Order dated April 10, 1998. In reference to miscellaneous expense:

a. Explain how 1 percent of gross sales was determined for miscellaneous expense.

b. What is included in miscellaneous expense?

18. Refer to Item 9 of the Response to the Commission's Order dated April 10, 1998. As previously requested, provide a depreciation schedule for the proposed utility plant. How did Sentra determine that utility plant should be depreciated over a 40-year life?

19. Refer to Item 10 of the Response to the Commission's Order dated April 10, 1998. Justify using a return on equity in the range of 7 percent to 12 percent.

20. Refer to Exhibit B of the Response to the Commission's Order dated April 10, 1998. Provide the education and technical experience of each Daugherty Petroleum employee, which will be contracted to perform duties, associated with the operation of Sentra.

21. Refer to Item 3 of the Response to the Commission's Order dated April 10, 1998. Provide an operating statement and balance sheet for calendar year 1997 as previously requested.

22. Provide documentation to support the actual costs incurred to date in preparation of the application.

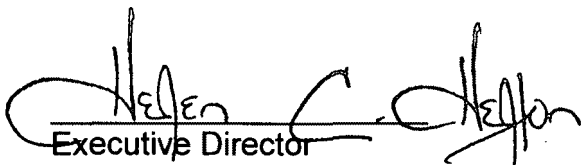
Done at Frankfort, Kentucky, this 30th day of June, 1998.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director