

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF SENTRA CORPORATION )  
FOR APPROVAL OF SPECIAL CONTRACT ) CASE NO. 2022-00359  
)

**APPLICATION OF SENTRA CORPORATION FOR AUTHORIZATION TO ENTER  
INTO SPECIAL CONTRACT**

Sentra Corporation (“Sentra”), by counsel, petitions the Kentucky Public Service Commission (“Commission”) for approval of a special contract (“Contract”) entered into by and between Sentra and Indian Creek Farm located in Monroe County, Kentucky, (“Customer”) dated October 24, 2022. A true and correct copy of the Contract is attached hereto as Exhibit “A.” In support of its Application, Sentra states as follows:

1) Sentra is an investor-owned local gas distribution company furnishing natural gas to customers in Monroe County, Kentucky, including the City of Fountain Run, Kentucky, and is subject to the jurisdiction of the Commission under KRS 278.010(3)(b). Sentra is a Kentucky corporation in good standing with its principal place of business at 112 Orchard Lane, Tompkinsville, Kentucky 42167. Sentra’s Articles of Incorporation were filed with its Application in PSC Case No. 2020-00112. Wesley Cleary is Sentra’s President.

2) Correspondence and communications with respect to this Application should be directed to:

Wesley Cleary, President  
Sentra Corporation  
112 Orchard Lane  
Tompkinsville, Kentucky 42167  
(270) 407-1069  
([Wesleycleary@clearyconst.com](mailto:Wesleycleary@clearyconst.com))

and

Robert C. Moore  
Stites & Harbison PLLC  
421 West Main Street  
P.O. Box 634  
Frankfort, Kentucky 40602-0634  
(502) 209-1218  
([Rmoore@stites.com](mailto:Rmoore@stites.com))

3) Sentra owns the gas lines and other equipment needed to furnish natural gas to its approximately 203 residential and commercial customers in Monroe County, Kentucky. Sentra or its predecessor has furnished natural gas to its customers since 1992.

4) Indian Creek Farm is a current customer of Sentra. It operates a contract poultry broiler operation whereby it raises chicks until the chicks become broilers (chickens weighing approximately 8 pounds), and then delivers the broilers to Tyson Foods pursuant to a supply contract. Over the last twelve months, beginning in October of 2021, Sentra has supplied a total of approximately [REDACTED] of natural gas per month to Customer's [REDACTED] meters at a cost of [REDACTED] per Mcf. This charge includes Sentra's base rate, monthly charge and gas cost recovery charge. During this same time period, the cost of natural gas paid by Sentra has increased from [REDACTED] per Mcf to its current cost of [REDACTED] per Mcf (NYMEX). Customer has advised Sentra that it is very concerned about this increase in the cost of natural gas, and Customer is considering using propane gas as its energy source in lieu of natural gas.

5) Customer can satisfy its energy needs by purchasing propane gas instead of natural gas. The current price of natural gas to be paid by Customer to Sentra is [REDACTED] Mcf (including Sentra's base rate, monthly charge and gas cost recovery charge). Converting this price to a per gallon price reflects a price of [REDACTED] per gallon for natural gas, while propane currently costs \$1.60 to \$1.98 per gallon. This significant difference in the cost of natural gas as

compared to propane gas is causing Customer to consider using propane gas in lieu of natural gas.

6) Poultry customers are the source of [REDACTED] of Sentra's revenue. The loss of Customer, and other contract poultry broiler operations due to the difference in the cost of natural gas as compared to propane gas, would threaten Sentra's ability to serve its other customers and Sentra's economic viability.

7) The Contract entered into between Sentra and Customer provides Customer a discounted base rate to Customer. Nevertheless, the anticipated revenue from Customer pursuant to the Contract will cover all variable costs incurred in serving Customer and also contribute toward the Company's fixed costs. Furthermore, the enforcement of this Contract will not negatively impact Sentra's remaining customers or cause an increase in their natural gas rates.

8) Based on the information set forth above, Sentra requests the Commission to approve the Contract entered into between Customer and Sentra.

Respectfully submitted,

/s/ Robert C. Moore

Robert C. Moore  
STITES & HARBISON PLLC  
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Frankfort, KY 40602-0634  
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COUNSEL FOR SENTRA CORPORATION





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**DIRECT TESTIMONY OF WESLEY CLEARY**

**I. INTRODUCTION**

Q. Please state your name, and your position.

A. My name is Wesley Cleary. I am the President of Sentra Corporation (“Sentra”), and am familiar with its daily operations, including its customer base.

Q. Have you previously testified before the Kentucky Public Service Commission (the “Commission”).

A. Yes. I testified in the Joint Application of Sentra Corporation, a Wholly Owned Subsidiary of Blue Ridge Mountain Resources, Inc., and Sentra Resources LLC for the Transfer and Acquisition of Stock and Financing, PSC Case No. 2018-00107.

**II. BACKGROUND AND PURPOSE**

Q. Please explain why you are filing testimony.

A. The purpose of my filing testimony is to support the Application of Sentra Corporation for Approval of Special Contract (“Contract”). Sentra is a natural gas utility subject to the jurisdiction of the Kentucky Public Service Commission. Sentra owns the gas lines and other equipment needed to furnish natural gas to its approximately 203 residential and commercial customers in Monroe County, Kentucky, including the City of Fountain Run, Kentucky. Sentra and its predecessor have furnished natural gas to its customers since 1992.

Q. Why is Sentra requesting the Commission to approve a Special Contract with Customer.

A. A number of Sentra's commercial customers are poultry contract broiler operations ("Poultry Customers") whereby the operations raise chicks until the chicks become broilers (chickens weighing approximately 8 pounds), and then the broilers are delivered to Tyson Foods pursuant to a supply contract. [REDACTED] of Sentra's approximately 203 customers are Poultry Customers. These [REDACTED] Poultry Customers have [REDACTED] meters, and over the last twelve months, Sentra has received approximately [REDACTED] its revenue from its Poultry Customers. Pursuant to its contracts with Tyson Foods, the prices for poultry paid to Sentra's Poultry Customers by Tyson Foods are fixed, and increases in the price of energy needed to raise the poultry do not result in an equivalent price increase when the poultry is sold to Tyson Foods.

When the price of natural gas increases as compared to the price of other energy sources, such as propane gas, Sentra's Poultry Customers begin purchasing propane gas instead of natural gas in order to satisfy their energy needs in heating their poultry houses.

Q. Can you provide the Commission with an example of how the increase in natural gas prices has caused Customer to consider beginning to use natural gas in lieu of propane gas.

A. Customer is one of Sentra's Poultry Customers. Over the last 12 months, beginning in October of 2021, Sentra has supplied approximately [REDACTED] of natural gas to Customer's 4 meters per month at [REDACTED] per Mcf. During this same period, the natural gas price rose from [REDACTED] (NYMEX). Including Sentra's base rate, monthly charge and cost recovery charge, Customer will now pay [REDACTED] cf, or [REDACTED] per gallon, for natural gas to heat its poultry houses.

The cost of propane gas over the last twelve months, beginning in 2021, has remained at \$1.60 - \$2.10 per gallon. Customer is very concerned about the significant economic impact it will suffer due to the increase in the cost of natural gas, and has advised Sentra that it is

considering using propane gas as its energy source.

Q. How will the loss of Poultry Customers impact Sentra?

A. As stated above, over the last twelve months, Sentra has received approximately [REDACTED] of its revenue from its Poultry Customers. This reflects that Poultry Customers are the source of the majority of Sentra's revenue. The loss of Customer, and other similar contract poultry broiler operations, due to the difference in the cost of natural gas as compared to propane gas, would threaten Sentra's ability to serve its other customers and Sentra's economic viability.

Q. Does the proposed Special Contract with Customer offer it a discount on the cost of natural gas to be paid by Customer.

A. Yes. Pursuant to the Special Contract, Sentra agrees to charge Customer the Base Rate of [REDACTED] Mcf for delivery of natural gas in an amount less than or equal to 50 Mcf at any of Customer's [REDACTED] meters in a month. Sentra further agrees to charge Customer the Base Rate of [REDACTED] Mcf for delivery of natural gas for the amount exceeding 50 Mcf at any of Customer's [REDACTED] meters in a month. Customer shall pay Sentra the Gas Cost Recovery Rate and Monthly Customer Charge as set forth in its approved tariff on file with the Commission. Customer agrees that during the term of this Agreement it will purchase all of its natural gas from Sentra, and further agrees that it will not substitute natural gas with propane gas during the term of this Agreement.

Q. Why is the discounted price of natural gas being offered to Customer?

A. The discounted base rate set forth in the Special Contract will enable Sentra to compete more effectively with other sources of energy and should enable it to retain its Poultry Customers. As stated above, the retention of Sentra's Poultry Customers, which provide the majority of Sentra's revenue, will enable Sentra to remain economically viable and enable it to



continue to provide service to its remaining customers.

Q. Will the approval of the Special Contract negatively impact Sentra's non-Poultry Customers.

A. No. The anticipated revenue from Customer earned under this special contract will cover all variable costs incurred in serving Customer and also contribute toward the Company's fixed costs. The enforcement of this special contract will not negatively impact Sentra's remaining customers.

Q. Do you believe the discounted base rate set forth in the Special Contract is reasonable.

A. Yes.

Q. Will Indian Creek Farm be the only Poultry Customer that requests a Special Contract.

A. No. Upon approval of the Special Contract with Indian Creek Farm, Sentra anticipates that it will request the Commission to approve one or more additional Special Contracts with Poultry Customers.

Q. With the exception of the Base Rate set forth in the applicable Rate Schedule for Retail Sales, will Sentra's Rates, Terms, and Conditions for Furnishing Natural Gas to Fountain Run, Kentucky and Other areas served by Sentra on file with the Commission be applicable to Indian Creek Farm.

A. Yes.

Q. Does this conclude your testimony.

A. Yes.

  
Wesley Cleary

COMMONWEALTH OF KENTUCKY )  
)  
COUNTY OF MONROE )



Subscribed, sworn to and acknowledged before me this 24<sup>th</sup> day of October, 2022, by Wesley Cleary as President of Sentra Corporation, a Kentucky corporation, on behalf of said corporation.

My commission expires: 6/17/2023

My commission number: 625225

Neil Wilson  
NOTARY PUBLIC



# EXHIBIT A

## AGREEMENT

This Agreement, made and entered into this ~~24~~<sup>25</sup> day of October, 2022, by and between Sentra Corporation, a Kentucky corporation ("Sentra"), and Indian Creek Farm ("Customer").

## WITNESSETH

**WHEREAS**, Customer desires to purchase certain quantities of Natural Gas from Sentra, and Sentra intends to sell the same to Customer;

**WHEREAS**, Customer operates a contract poultry broiler operation whereby it raises chicks until the chicks become broilers (chickens weighing approximately 8 pounds), and then delivers the broilers to Tyson Foods pursuant to a supply contract. Customer currently purchases its natural gas from Sentra, and the natural gas is delivered to Customer's [REDACTED] meters;

**WHEREAS**, the cost of Natural Gas has risen dramatically in the last 12 months, and Customer can no longer economically provide poultry to Tyson Foods if it does not receive a discount on the price it pays to Sentra for natural gas;

**WHEREAS**, unless Sentra and Customer enter into this special contract providing a discounted price for natural gas, Customer will fulfill its energy needs by purchasing propane gas in lieu of natural gas.

**WHEREAS**, Sentra is willing to provide Customer a discount on Customer's base rate in order to retain Customer.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

### ARTICLE 1. DEFINITIONS.

Unless this Agreement provides otherwise, the following definitions shall apply:

1.1 "natural gas" or "gas" shall mean any mixture of hydrocarbons or hydrocarbons and non-combustible gases in a gaseous state, consisting essentially of methane.

1.2 "Mcf" shall mean the quantity of gas occupying a volume of one thousand (1,000) cubic feet at a pressure base of 14.73 pounds per square inch absolute (14.73 psia) and a temperature base of 60 degrees Fahrenheit (60 degrees F).

## **ARTICLE 2. TERM AND EFFECTIVE DATE.**

2.1 Subject to the terms and conditions herein, the term of this Agreement shall commence on November 1, 2022 and shall continue in full force and effect for a period of 90 days, and thereafter for additional 90 day periods unless terminated by either party with thirty (30) days written notice prior to the end of the then-current term. Notwithstanding the foregoing, this Agreement shall not become effective until approved by the Kentucky Public Service Commission ("Commission"). If the Commission suspends this Agreement for further review and subsequently approves it after November 15, 2022, then the effective date of this Agreement shall be the first day of the month after the date of such Commission approval.

## **ARTICLE 3. PRICE.**

3.1 Sentra agrees to charge Customer the Base Rate of [REDACTED] Mcf for delivery of natural gas in an amount less than or equal to 50 Mcf at any of Customer's [REDACTED] meters in a month. Sentra further agrees to charge Customer the Base Rate of [REDACTED] Mcf for delivery of natural gas for the amount exceeding 50 Mcf at any of Customer's [REDACTED] meters in a month. Customer shall pay Sentra the Gas Cost Recovery Rate and Monthly Customer Charge as set forth in Sentra's approved tariff on file with the Commission. Customer agrees that during the term of this Agreement it will purchase all of its natural gas from Sentra, and further agrees that it will not substitute natural gas with propane gas during the term of this Agreement.



**ARTICLE 4. INCORPORATION OF PROVISIONS OF TARIFF.**

4.1 The Rates, Terms, and Conditions for Furnishing Natural Gas to Fountain Run, Kentucky and Other areas served by Sentra on file with the Commission are hereby incorporated by reference as if fully set forth herein, with the exception of the Base Rate set forth in the applicable Rate Schedule for Retail Sales.

**ARTICLE 5 GOVERNMENTAL REGULATIONS.**

5.1 This Agreement shall be subject to all applicable and valid statutes, rules, orders and regulations of any federal, state or local governmental authority or agency having jurisdiction over the parties, their facilities or gas supply, this Agreement or any provision thereof. The parties agree that should any state, federal or local governmental authority or agency with jurisdiction over the parties to this Agreement or transaction(s) herein require approval for the sale of gas hereunder, then each party shall make all necessary applications or filings and shall submit any records or data required by such governmental authority or agency.

5.2 Sentra shall not be liable for failure to perform hereunder if such failure is due to compliance with rules, regulations, laws, orders, or directives of any state, federal or local governmental authority or agency.

5.3 Nothing in this Agreement shall prevent any party from contesting the validity of any law, order, rule, regulation or directive of any state, federal or other governmental regulatory authority or agency, nor shall anything in this Agreement be construed as a waiver of a party's right to assert the lack of jurisdiction of such regulatory body or agency.

5.4 This Agreement shall not be effective in whole or in part until and unless all necessary regulatory approvals or authorizations have been obtained to the satisfaction of each of the parties hereto. In the event any such approval or authorization is withdrawn or expires (and

any renewal is refused by the appropriate regulatory authority), this Agreement may be cancelled at the option of any party hereto. This Agreement may be terminated by Sentra at any time during the term hereof if performance of this Agreement would subject Sentra to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") or its successor. To the extent that Sentra is aware of impending jurisdiction by FERC, Sentra shall notify Customer, in writing, of such impending action and the reason therefore thirty (30) days prior to termination.

5.5 Except as otherwise provided herein and with the exception of the Base Rate set forth in the applicable Rate Schedule for Retail Sales, this Agreement is subject to the terms and conditions of Sentra's Rates, Rules, Conditions and Regulations, as set forth in Sentra's tariffs on file with the Commission, as same may be changed from time to time.

#### **ARTICLE 6. GOVERNING LAW.**

6.1 This Agreement shall be governed by and construed in accordance with Kentucky law.

#### **ARTICLE 7. MISCELLANEOUS.**

7.1 This Agreement contains the entire agreement of the parties hereto with respect to the transaction contemplated herein and shall not be modified or amended except by an instrument in writing signed by or on behalf of the parties hereto and then only to the extent set forth herein.

7.2 The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision(s) were omitted.

7.3 The headings in this Agreement are for convenience or reference only and shall not be deemed to alter or effect any provision of this Agreement.


7.4 This Agreement may not be assigned by either party without the prior written consent of the other party, except that the rights and obligations of Sentra hereunder may be assigned by Sentra to any affiliate of Sentra without Customer's consent.

7.5 All of the terms of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the successors and assigns of the parties hereto, except as otherwise provided in Section 7.4 above.


7.6 A waiver by a party of any one or more defaults by any other party in the performance of any provision of this Agreement shall not operate as a waiver of any further default.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers, employees or members on the day and year first above written.

Sentra Corporation

By:   
Title: President

Indian Creek Farm

By:   
Title: Owner