

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF SENTRA CORPORATION)	2025-00085

ORDER

On March 24, 2025, Sentra Corporation (Sentra) filed its proposed Gas Cost Recovery (GCR) rate report to be effective May 1, 2025. Sentra's previous GCR rate report was approved in Case No. 2025-00015.¹ On April 30, 2025, the Commission issued an Order suspending Sentra's proposed GCR rate for one day until May 2, 2025, to give the Commission time to investigate Sentra's Schedule IV, current quarter Actual Adjustment (AA) calculation, and to allow Sentra to begin charging the proposed GCR rates, pending a final Order and subject to refund, following appropriate written notice to the Commission of its intention to do so as required by KRS 278.190(2). On June 12, 2025, Sentra issued a letter stating that it would be placing the proposed tariff into effect, subject to refund, following the suspension date. At the time of issuance of this Order, Sentra has not filed with the Commission any additional quarterly GCR rate reports since this proceeding was filed on March 24, 2025.

Attached to the Commission's April 30, 2025 suspension Order was Commission Staff's First Request for Information (Staff's First Request) to Sentra with a response due date of May 14, 2025. On May 7, 2025, Sentra filed a revised GCR rate report with an

¹ Case No. 2025-00015, *Electronic Purchased Gas Adjustment Of Sentra Corporation* (Ky. PSC Feb. 12, 2025).

attached explanation letter. Sentra filed a formal response to Staff's First Request on August 27, 2025. An Informal Conference with Commission Staff, which was held virtually on September 11, 2025, to discuss issues presented, which included the filing requirements for purchased gas adjustment reports.² There are no intervenors in this proceeding. This matter now stands submitted to the Commission for a decision.

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company, to the extent the amount is deemed to be unjust or unreasonable.³

The Commission has exclusive jurisdiction over the regulation of rates and service of utilities in Kentucky under KRS 278.040(2). Pursuant to KRS 278.030(1), a utility may demand, collect, and receive fair, just and reasonable rates and, pursuant to KRS 278.030(2), that the service rendered and conditions under which service is to be rendered by the utility must be adequate, efficient and reasonable. KRS 278.190 permits the Commission to investigate any schedule of new rates to determine its

² Informal Conference Memo (filed Nov. 3, 2025).

³ KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

reasonableness. The Commission acts and speaks only through its written orders and the representations of Commission Staff members are not binding upon the Commission.⁴ Commission Staff's actions also do not substitute for an Order of this Commission.⁵

DISCUSSION AND ANALYSIS

Sentra's current Purchased Gas Cost Adjustment Clause Tariff (PGA Tariff) calculates the GCR⁶ rate as: Expected Gas Cost (EGC); plus, a supplier Refund Adjustment (RA) component; plus, four quarters of AA, equating to a total AA component; and plus, four quarters of Balancing Adjustment⁷ (BA), equating to a total BA component. The AA and BA are separately made up of four distinct quarters, each incorporating a three-month period, which in total equate to a full 12-month period coinciding with the reporting period used in each quarterly GCR rate report. Each of the AA and BA quarters are intended to be in effect for a 12-month period. After a quarter AA and BA have been in effect for a 12-month period they are removed from the calculation and a new quarter based on the updated reporting period is placed into effect.

The PGA Tariff also establishes a 30-day notice filing period and sets forth the calendar quarters for which each GCR rate, comprised of its respective components, are

⁴ KRS 278.370; *Union Light, Heat & Power Co. v. Public Serv. Comm'n*, 271 S.W.2d 361, 365 (Ky. App. 1954).

⁵ *Bee's Old Reliable Shows, Inc. v. Kentucky Power Co.*, 334 S.W.2d 765 (Ky. 1960).

⁶ The term Gas Cost Recovery or "GCR" is interchangeable with Gas Cost Adjustment "GCA"; and Purchased Gas Adjustment "PGA". The term Actual Cost Adjustment "ACA" and Actual Adjustment "AA" are also interchangeable terms, and both refer to the true-up component of the GCR. For the sake of consistency, the Commission uses "GCR" in its final Orders unless otherwise stated. The Commission also universally reports the usage rate for natural gas using Mcf.

⁷ Some GCR tariffs for the smaller Kentucky Local Distribution Companies (LDCs), do not have the Balancing Adjustment (BA) as a part of the calculation of the GCR rate. For some LDCs the differences are minimal and have chosen to opt out of including the BA component in its GCR calculation.

to be in effect. Sentra's PGA Tariff defines calendar quarters to mean each of the three month periods of (1) August, September, and October; (2) November, December, and January; (3) February, March, and April; and (4) May, June, and July. Each component is designated with its own purpose related to the dollar-for dollar pass through of gas costs.

The Commission suspended Sentra's GCR rate report filing due to concerns regarding the information presented in the quarterly AA component. Most notably the Total Supply volumes in Mcf purchased for the months of November, and December 2024, and January 2025 were higher volumes than the cumulative number of actual sales in Mcf listed for each month.⁸ Sentra reported its Total Sales for November, and December 2024, and January 2025 to be 1,819.5 Mcf, 5,935.3 Mcf, and 8,616.9 Mcf, respectively. The Total Supply Volumes Purchases for the same period were reported as 6,331.0 Mcf, 13,156.0 Mcf, and 21,585.0 Mcf, respectively. Additionally, the 5 percent line loss limiter calculation was not implemented in the Total Sales portion of the calculation. This resulted in a proposed current quarter AA rate of \$0.3323 per Mcf, at a charge owed to customers of \$10,249.85 for the quarter. If the 5 percent line loss limiter was to be applied in this instance the current quarter AA rate would have been corrected to (\$0.9538) per Mcf, at a credit owed to customers of (\$29,418.08) for the quarter. The line loss limiter is applied to the number of Total Sales for each month in circumstances when the Actual Sales volume during a month is less than 95 percent of the Total Supply Volumes Purchased.⁹ Given that Sentra reports it has no capacity to purchase and store

⁸ Sentra's GCR Rate Report filing, Schedule IV, Actual Adjustment.

⁹ The row labeled "/ Total Sales*" includes the statement, "(*May not be less than 95% of supply volume)".

excess gas,¹⁰ it initially appeared as though Sentra may have been experiencing significant leaks on its system, which is extremely concerning. The Commission views line loss as a primary indicator of ongoing maintenance of the system which is critical to the safety of Sentra’s customers and the public.

Following Sentra’s responses to Staff’s First Request and the September 11, 2025 informal conference with Commission Staff, it appears that the Total Supply Volumes Purchased for the months November, and December 2024, and January 2025 were incorrectly transcribed. Rather than use the supplier invoiced amount¹¹ for each month Sentra had used the Station Daily Volume Report¹² for each month as the Total Supply Volumes Purchased. The 5 percent line loss limiter would have only been used for the month of January 2025 as the reported Total Sales of 8,616.9 Mcf was less than 95 percent of the Supply Volume of 9,479.1 Mcf. With this in mind, the true current quarter AA rate would have been \$0.2767 per Mcf, at a charge owed to customers of \$8,533.51 for the quarter.¹³

¹⁰ Sentra’s Response to Staff’s First Request, Item 4.

¹¹ Supplier invoices from Middle Tennessee Natural Gas Utility District on unnumbered pages 8, 10, and 12.

¹² Texas Eastern Transmission, LP Station Daily Volume Report on unnumbered pages 9, 11, and 13.

¹³ The correct calculation should be as follows:

		Nov-24	Dec-24	Jan-25
Particulars	Unit			
Total Supply Volumes Purchased	Mcf	1796.90	6124.20	9479.10
Total Cost of Volumes Purchased	\$	\$5,269.85	\$24,588.12	\$39,809.69
/ Total Sales *	Mcf	1,819.5	5,935.3	9,005.1
= Unit Cost of Gas	\$/Mcf	\$2.8963	\$4.1427	\$4.4208
- EGC in Effect for Month	\$/Mcf	\$3.6293	\$3.6293	\$3.6293
= Difference	\$/Mcf	(\$0.7330)	\$0.5134	\$0.7915
x Actual Sales during Month	Mcf	1,819.5	5,935.3	8,616.9
= Monthly Cost Difference	\$	(\$1,333.66)	\$3,047.14	\$6,820.03

Total Cost Difference		\$	\$8,533.51
/ Sales for 12 months ended		Mcf	30,843.3
= Actual Adjustment for the Reporting Period			\$0.2767

* May not be less than 95% of supply volume

Having reviewed the record and being sufficiently advised, the Commission finds that Sentra should resume filing its quarterly GCR rate reports beginning with the GCR rate report effective May 1, 2026. Due to the uncertainty of what has been collected through the GCR rate following the Commission's suspension of this proceeding, the Commission has determined that further information is necessary for Sentra's future GCR rate reports. Therefore, the Commission finds that Sentra should file responses to the request for information attached herein as Appendix of this Order, when it files its next GCR report for rates effective for May 1, 2026, to assist in the timely processing of that case. The Commission further finds that this case should be closed, and that any under- or over-recoveries of gas costs that would have been reconciled in this case, should be reconciled in the GCR rate report filed by Sentra for rates effective May 1, 2026. In its upcoming GCR rate report filing, the current quarter AA calculation should be modified to incorporate the missed quarterly periods together and all other previous quarters used to determine the total AA component should be set to zero as they would have fully expired at the time of the May 1, 2026 GCR rate report filing.

Regarding the current quarter AA calculation, the Commission finds that the purchased volumes, purchased cost, and total sales for each given month should be consistent with the supplier invoices and usage reports presented in the case record, as needed, and reflect those gas costs and sales for the system. Furthermore, the 5 percent line loss limiter that is standard to the Commissioner's preferred GCR rate report format should be utilized. The Commission further finds that Sentra should conduct a careful and thorough review to minimize any potential errors in its future GCR rate reports. Failure

to minimize errors in future filings may adversely affect the timely processing of Sentra's GCR rate reports.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Sentra should submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. Should Sentra purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount should be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. Sentra shall file its next quarterly GCR rate report for rates effective May 1, 2026, with at least 30 days' notice prior to the beginning of each calendar quarter as established in its Purchased Gas Cost Adjustment Clause Tariff.
2. Sentra shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
3. Sentra shall file its responses to the Request for Information included as the Appendix, when it files its next GCR report for rates effective for May 1, 2026.
4. Any under- or over-recoveries of gas costs that would have otherwise been reconciled in this case, shall be reconciled in the GCR rate report filed by Sentra for rates effective May 1, 2026.
5. Sentra shall maintain its records in such a manner as will allow Sentra, and the Commission, to determine the amounts of gas costs recovered through Sentra's GCR rate mechanism.

6. The Commission reserves its right to initiate an investigation to determine whether Sentra's GCR mechanism is accurately collecting the system's gas procurement related costs, should the Commission deem it necessary.

7. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



Executive Director 

ENTERED
MAR 12 2026
AB
KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00085 DATED MAR 12 2026

COMMISSION STAFF'S CASE NO. 2025-00085 REQUEST FOR INFORMATION TO SENTRA CORPORATION

Sentra Corporation (Sentra), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due when it files its next GCR report for rates effective for May 1, 2026. The Commission directs Sentra to the Commission's July 22, 2021 Order in Case No. 2020-00085¹⁴ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Sentra shall make timely amendment to any prior response if Sentra obtains information that indicates the response was incorrect or incomplete when made or,

¹⁴ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Sentra fails or refuses to furnish all or part of the requested information, Sentra shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Sentra shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide all invoices received from gas suppliers for each month following the November 2024 period through the most recent reporting period.
2. State the monthly GCR rate that was charged to Sentra's customers following the November 2024 period to the most recent reporting period.
3. Provide all gas sales reports for each month following the November 2024 period to the most recent reporting period.
4. Confirm whether the monthly Texas Eastern Transmission, LP Station Daily Volume Reports remain pertinent to Sentra's GCR rate reports.

*Jackson Page
Sentra Corporation c/o Sentra Resources LLC
112 Orchard Lane
Tompkinsville, KY 42167

*Sentra Corporation c/o Sentra Resources LLC
112 Orchard Lane
Tompkinsville, KY 42167

*Katie M Glass
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KY 40602-0634

*Tierra Brown
Tierra Brown Law PLC
P. O. Box 220
Tompkinsville, KY 42167

*Thomas Bartley
Sentra Corporation c/o Sentra Resources LLC
112 Orchard Lane
Tompkinsville, KY 42167