

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN INVESTIGATION INTO THE)
NATURAL GAS SUPPLY AVAILABLE) CASE NO. 9200
TO THE SALYERSVILLE GAS COMPANY)

O R D E R

On November 5, 1982, the Commission issued an Order in Case Number 8652 which granted a certificate of public convenience and necessity to Salyersville Gas Company ("Salyersville") to construct a natural gas utility and provide service to the City of Salyersville and environs. During the hearing on October 8, 1982, Mr. Grady Conley of Salyersville testified that the company had available 21 wells which could provide a 30-year supply of natural gas for 1,000 or more Salyersville customers. Salyersville subsequently constructed a gas system and was serving in excess of one hundred customers by November, 1982.

On November 2, 1984, the Commission issued a Show Cause Order to Salyersville for the purpose of establishing the fact that adequate gas supplies were available to the Salyersville system and to demonstrate its ability to continue supplying its customers. The Commission became concerned about adequate gas supplies to Salyersville during its first winter of operation (1983-84), when Salyersville was unable to provide sufficient natural gas for the customers then on the system. Subsequent to that, in early

October, 1984, a pressure supply problem occurred on the system; and again in early January, 1985, another drop in pressure occurred, this time apparently due to weather-related problems.

After a hearing on November 14, 1984, Mr. Conley was ordered to file periodic reports with the Commission regarding the progress made to have sufficient gas supplies for Salyersville, which he has done.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. Three reports have been filed by Mr. Conley: November, 1984; January, 1985; and May, 1985, with this most recent report stating that eight wells were supplying gas to Salyersville "which was ample gas for the needs of the City."

2. In a conversation on July 19, 1985, with Commission staff, Mr. Conley stated that two additional wells were supplying gas to Salyersville, each supplying 440,000 cu.ft./day, and a third well was supplying 300,000 cu.ft./day.

3. Salyersville currently has 135 customers on the system according to the April billing (March usage), and Salyersville sold 700,000 cu. ft. of natural gas during March.

4. Based on the information available an adequate supply of natural gas is available to Salyersville to provide service to its customers and therefore this Show Cause proceeding should be dismissed.

IT IS THEREFORE ORDERED that this proceeding be dismissed.

IT IS FURTHER ORDERED that:

1. Salyersville shall submit a final report to the Commission as soon as practicable but no later than September 15, 1985, which provides a listing of the wells which are currently supplying gas to Salyersville, and which includes the name of each well and the amount of gas (cu.ft.) each well is capable of producing per day; the number of customers served by Salyersville in the most current month for which records exist, separated into categories of residential, commercial and industrial customers; and the total amount of gas usage for each month during the period October, 1984 - March, 1985, confirming the information and data heretofore furnished the Commission.

2. Salyersville shall require any industrial customer to be served on an interruptible basis, and in the event Salyersville experiences gas supply or other system problems in the future gas service to such customers will be interrupted if necessary to maintain adequate system pressure and service to non-industrial customers.

3. Salyersville shall require any customer served on an interruptible basis to sign a contract agreeing to such terms, and a copy of such contract with each customer shall be filed with the Commission.

IT IS FURTHER ORDERED that the Show Cause proceeding shall be reinstated in the event Salyersville does not comply with the above directives.

Done at Frankfort, Kentucky, this 8th day of August, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Henning
Chairman

R. H. Jones, Jr.
Vice Chairman

did not participate
Commissioner

ATTEST:

Secretary