

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF ALBANY GAS UTILITY)
COMPANY FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 9329
FOR THE CITY OF ALBANY, CLINTON)
COUNTY, KENTUCKY)

O R D E R

On July 16, 1985, a hearing was held to consider the application for a certificate of public convenience and necessity by Albany Gas Company ("Albany") to construct a gas utility to supply prospective customers in the city of Albany and its environs. Mr. Garry Hill, representing Albany, testified that construction of the utility commenced on March 3, 1985, subsequent to meetings Mr. Hill had with Commission staff in February, 1985. The application for a certificate of public convenience and necessity from Albany was received by the Commission on April 29, 1985.

In response to the Commission data request of June 21, 1985, Albany provided information which stated that 3,578 Mcf per day was the estimated daily production of natural gas available to Albany from locally-producing wells, which are Albany's sole source of supply. In testimony given at the July 16, 1985, hearing Mr. Hill clarified this information in that about 3,500 Mcf come from wells owned by individuals who have signed a letter of intent to provide daily production to

Albany, and that as of the date of the hearing 330 Mcf per day of production were under contract to Albany. Mr. Hill also stated that the maximum peak usage of the system would be 430 Mcf per day.

Albany has also supplied information which shows that gas well tests have been performed on only 2 wells of the 39 listed as sources for supply to Albany. Additional information provided by Albany states that the closest pipeline to Albany is 30 miles away, and that no pipeline connection exists at present to connect Albany to this line for supply purposes.

In order to adequately review the issue of sufficient gas supply to Albany for service to the City of Albany and its environs, and other issues pertinent to this case, the Commission is of the opinion and hereby finds that additional information is required from Albany to proceed with this case.

IT IS THEREFORE ORDERED that Albany shall file the following information with the Commission with a copy to all parties of record within 30 days of the date of this Order. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided.

1. Section 192.321(e) of the Federal Pipeline Safety Regulations states: "Plastic pipe that is not encased must have an electrically conductive wire or other means of locating the pipe while it is underground." Does Albany intend to

follow this regulation with all construction that takes place on the Albany system that involves plastic pipe?

2. Provide gas reserves analysis information on each well from which Albany has contracted for a supply of natural gas. Such information for each well should provide an estimate of gas deliverable to a pipeline under pressure, the type and date of the test(s) performed and an estimate of the gas reserves in each well's reservoir. If this information is unavailable, provide the date when such a test will be performed. In such cases the test results shall be provided to the Commission as the tests are completed. (So-called "open-flow potential" tests do not provide such information since the test is only conducted under atmospheric pressure. The "isochronal" test is an example of a test that provides an estimation of the rate of flow of a well into a pipeline over long periods of time.)

3. Provide gas reserves analysis information on each well from which Albany has a letter of intent to supply natural gas. Such information for each well should provide an estimate of gas deliverable to a pipeline under pressure, the type and date of the test(s) performed and an estimate of the gas reserves in each well's reservoir. If this information is unavailable, provide a schedule which lists when each well will be tested for such information. In such cases the test results shall be provided to the Commission as the tests are completed. (So-called "open-flow potential" tests do not provide such information since the test is only conducted

under atmospheric pressure. The "isochronal" test is an example of a test that provides an estimation of the rate of flow of a well into a pipeline over long periods of time.)

4. For each well that information is provided state which wells are committed from the same reservoir. For each such situation state the percentage of the reservoir committed to each well.

Done at Frankfort, Kentucky, this 12th day of August, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Hemmings
Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary