

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION BY LYDA GAS COMPANY,            )  
JUSTICEVILLE GAS, INC., AND CASE                )  
ENTERPRISES, INC. FOR APPROVAL OF THE            )  
ACQUISITION OF THE ASSETS OF LYDA GAS            ) CASE NO. 90-111  
COMPANY, INC. AND JUSTICEVILLE GAS, INC.        )  
BY CASE ENTERPRISES, INC.                         )

O R D E R

This matter arises upon the April 30, 1990 filing of a joint application of Justiceville Gas Company, Inc. ("Justiceville") and Lyda Gas Company ("Lyda") and Case Enterprises, Inc. ("Case"), for approval, pursuant to KRS 278.020(4), of the sale and transfer of the stock and assets of Justiceville and Lyda to Case.

The Agreement to Sell and Purchase Assets setting forth the terms of the transaction and financial and managerial data on Case was filed with the application; the notice of adoption of rates as required by 807 KAR 5:011, Section 11, was filed on June 12, 1990.

In its application, Case has requested that the Commission expedite the processing of this application due to the fact that Case has been in contact with the Kentucky Department of Local Government and the Gas Restoration Board regarding financial assistance in relation to the Lyda system. In December of 1989, the Lyda system experienced extreme operational difficulties which necessitated certain emergency steps in order to keep gas flowing on the system. In addition, Case must first have the approval of

the Commission to acquire Lyda prior to the filing of its application for financial assistance with the Gas Restoration Board. Therefore, the Commission finds that, good cause having been shown, the motion for expedited treatment should be granted.

Case is a Kentucky corporation and the principal officer of the corporation is Jean Ann Case. Ms. Case has been involved in the day-to-day operation of Lyda and Justiceville and has stated her intention of continuing the operation of the existing gas distribution service to the customers of Lyda and Justiceville and to adopt the rates presently charged. Case states that it has the financial, technical, and managerial abilities to continue to provide adequate and reasonable service. In support, Case has provided the personal financial statement of the chief operating officer since no financial statements exist until the assets are transferred to Case. Further, Mr. Mabry Holbrook, who previously owned, maintained, and operated the systems has agreed to continue to provide technical assistance on a continuous basis. Mr. Holbrook's technical and managerial experience include 24 years as an employee of Columbia Gas Transmission and significant training at the Columbia Gas Training Center. Ms. Case will manage the facilities on behalf of Case Enterprises and states that during the last eight years she has become familiar with the systems of both Lyda and Justiceville and has been intimately involved with the operation and management of these systems. Ms. Case further states that she has experience as the office manager of the Pikeville Pediatric Clinic and further management experience with Case's Furniture Company located in Garret, Kentucky.

In addition to a showing that Case has been associated with these two gas systems for the past eight years, the application and exhibits along with the financial disclosures contain sufficient information to show that Case has the requisite financial resources to continue to provide adequate and reasonable service to the customers currently served by Justiceville and Lyda. The Commission finds that the continued employment of Mabry Holbrook, prior owner/operator of the system, should be beneficial to the customers served by Justiceville and Lyda in ensuring a smooth and orderly transition. Based upon the information in the application and the exhibits thereto and upon the foregoing, the Commission finds that Case possesses the financial, managerial, and technical expertise to continue to provide reasonable and adequate service to the customers served by Lyda and Justiceville. Approval of the transfer to Case should, therefore, be granted.

Appropriate accounting entries should be made on the books of Case to reflect the transfer of stock and assets of Lyda and Justiceville. These entries should be filed with the Commission by Case and should be in conformity with the requirements of the Uniform System of Accounts ("USoA") for natural gas companies. Case should allocate on an appropriate basis all common or joint costs to be incurred in the future for both Lyda and Justiceville.

IT IS THEREFORE ORDERED that:

1. Case shall file the appropriate accounting entries to reflect the sale of the physical assets of Lyda and Justiceville within 30 days of the date of this Order.

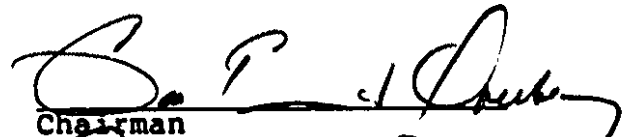
2. The transfer of Justiceville Gas Company, Inc. and Lyda Gas Company to Case be and hereby is approved.

3. Case shall file an adoption notice in accordance with 807 KAR 5:011, Section 11(1), within 20 days of the date of this Order.

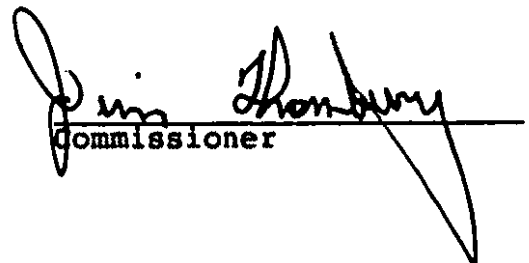
4. Case shall file tariffs in accordance with 807 KAR 5:011, Section 11(5) within 10 days after the filing of the adoption notice.

Done at Frankfort, Kentucky, this 28th day of June, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director