

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION BY BARREN COUNTY GAS)
COMPANY TO ESTABLISH GAS SERVICE)
PURSUANT TO KRS 278.485 AND) CASE NO. 90-322
APPROVAL OF RATES AND CHARGES)

O R D E R

On September 10, 1990, Barren County Gas Company ("Barren County") filed a proposed tariff requesting Commission approval for rates and charges proposed therein and "status as a farm tap system as described under KRS 278.485." The proposed rates and charges are for gas service Barren County intends to provide to prospective customers pursuant to KRS 278.485 in an area in which no such service currently exists.

According to information filed with its proposed tariff, Barren County currently operates a gas gathering operation in the counties of Barren and Metcalfe, Kentucky. Gas is purchased from local producers for resale to markets available through delivery to Columbia Gulf Transmission Company ("Columbia Gulf"). Columbia Gulf is an interstate gas pipeline, and Barren County's gathering pipeline is tapped into a Columbia Gulf pipeline which passes through Metcalfe County.

KRS 278.485 establishes the circumstances in which a gas pipeline company shall furnish gas to an individual end-user and the rates and conditions of such service. 807 KAR 5:026 is the

Commission regulation that establishes rules which apply to service from gas gathering pipeline systems, and with regard to rates Section 9(2) provides that:

Each gas company shall charge . . . tariff rates which have been approved by the commission, or if none, current Federal Energy Regulatory Commission approved rate.

On October 25, 1990, the Commission requested additional information concerning Barren County's proposed rates and charges, in part since Barren County has neither a Federal Energy Regulatory Commission ("FERC") approved rate¹ nor intends to make application for one. In its December 5, 1990 response, Barren County stated that its proposed \$6.00 per Mcf rate was set to be below the rates of the nearby Edmonton gas system, a municipally-owned local distribution gas company. Barren County's proposed \$5.00 per month minimum bill is intended to recover a portion of the overhead costs related to meter reading and billing.

In its initial filing, Barren County proposed both a disconnect and reconnect fee of \$20 each. However, in its December 5, 1990 response, Barren County amended its request for only a \$20 reconnect fee, the purpose of which is to discourage customers from temporarily disconnecting service in the summer.

¹ The FERC approved rate mentioned in 807 KAR 5:026, Section 9(2), refers to a filing which a gas producer may make pursuant to FERC's Well Determination program established by the Natural Gas Policy Act of 1978. Such a filing can establish a maximum ceiling price the producer may receive for gas sold from the sources identified in the filing. Barren County has elected not to participate in the Well Determination program.

Barren County states that its gathering system has been operating since September 25, 1990, and gas is being sold to Columbia Gulf and American Natural Gas, a marketing firm located in Fort Collins, Colorado. In addition to providing gas to an initial 50 customers pursuant to KRS 278.485, Barren County also anticipates selling gas to Edmonton. Both Edmonton and Columbia Gulf will be sold gas in excess of supply needs for the KRS 278.485 customers.

After consideration of the record in this proceeding and being otherwise sufficiently advised, the Commission hereby finds that:

1. Barren County is a gas pipeline company operating a gathering system in the counties of Barren and Metcalfe, Kentucky, and selling gas to Columbia Gulf and American Natural Gas.

2. Pursuant to KRS 278.485, Barren County should furnish gas to any individual end-user requesting such service who meets the requirements for such service as stated therein. Any such service provided should comply with the Commission rules as provided in 807 KAR 5:026.

3. Barren County's rates and charges in its initial filing are fair, just, and reasonable and should be approved as proposed, except the disconnect fee which Barren County no longer requests. Within 30 days of the date of this Order, Barren County should resubmit its tariff with the approved rates and charges stated herein. With its submitted tariff, Barren County should attach a copy of the gas service contract which will be signed by KRS 278.485 customers.


IT IS THEREFORE ORDERED that:


1. Barren County shall be considered a gas pipeline company operating as a gathering system subject to KRS 278.485, 807 KAR 5:026, and applicable sections of 807 KAR 5:022.


2. Within 30 days of the date of this Order, Barren County shall refile its tariff with the information stated herein in Finding 3 of this Order.

Done at Frankfort, Kentucky, this 14th day of January, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director