

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY PIPELINE)	
AND STORAGE COMPANY, INC. FOR)	
RECOGNITION AS AN INTRASTATE PIPELINE;)	CASE NO.
FOR AUTHORITY TO CONSTRUCT A NATURAL)	91-074
GAS PIPELINE AND FOR RECOGNITION AS A)	
TRANSPORTING UTILITY)	

O R D E R

Kentucky Pipeline and Storage Company, Inc. ("KYPSCO") applies for recognition as an intrastate pipeline and transporting utility and for authority to construct.

After review of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. KYPSCO owns the exclusive underground natural gas storage rights to East Diamond Gas Storage Field ("East Diamond"), a depleted gas reservoir which is located in Hopkins County, Kentucky, is 1,750 acres in size, and has a potential natural gas storage capacity of 2 billion cubic feet. KYPSCO proposes to construct a natural gas storage facility on East Diamond and 15 miles of connector line to connect it to the ANR Pipeline System, an interstate pipeline which traverses Hopkins County.

2. KYPSCO intends to sell space in the proposed storage facility. Customers' natural gas will be delivered through the ANR Pipeline System and the proposed connector line. When the customer desires its stored natural gas, it will be withdrawn from

the storage facility and placed back into the interstate pipeline. KYPSCO has already entered some gas storage agreements and is actively pursuing potential customers.

3. KYPSCO is a utility as defined in KRS 278.010(3)(b) and is subject to Commission jurisdiction.

4. The rates and service of the proposed facilities are subject to Commission jurisdiction. KRS 278.040.

5. KYPSCO's proposed pipeline is an intrastate pipeline as defined in KRS 278.504(1).

6. KYPSCO is a common carrier as defined in KRS 278.470.

7. For the same reasons as those stated in the Commission's Orders of May 29 and October 23, 1987, in Administrative Case No. 297,¹ KYPSCO's proposed facilities should be subject to the same level of regulatory oversight as natural gas transporters.

8. Public convenience and necessity require that the proposed construction be performed and that a Certificate of Public Convenience and Necessity should be granted.

IT IS THEREFORE ORDERED that:

1. KYPSCO is hereby recognized as an intrastate pipeline.
2. KYPSCO is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

¹ Administrative Case No. 297, An Investigation of the Impact of Federal Policy on Natural Gas to Kentucky Consumers and Suppliers.

3. KYPSCO shall submit to the Commission no later than 14 days prior to the start of proposed construction all associated engineering plans and specifications. It shall submit concurrently its proposed construction schedule.

4. Within 90 days of the date of mechanical completion of the construction, KYPSCO shall submit a copy of the "as-built" drawings and a signed statement from the project engineer that the construction has been satisfactorily completed in accordance with contract plans and specifications.

5. KYPSCO shall file, within 20 days of the date of this Order, a tariff containing its rates and conditions for service. This tariff shall specifically state whether KYPSCO's transportation rate of 15 cents per Mcf will be charged on gas when placed into storage and again when removed from storage.

Done at Frankfort, Kentucky, this 26th day of June, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director