

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO EQUITABLE GAS)
COMPANY'S STATUS AS A PROVIDER OF FARM) CASE NO. 92-168
TAP SERVICE)

O R D E R

Equitable Gas Company ("Equitable") owns and operates facilities used for and in connection with the distribution and sale of natural gas to the public for compensation and is therefore a utility subject to the Commission's regulatory jurisdiction. KRS 278.010(3)(b) and 278.040.

According to its filed tariff, Equitable provides only "farm tap" service, i.e., service to the owners of property on or over which are located the producing wells or gas gathering pipelines of its corporate affiliates, Equitable Resources and Kentucky West Virginia Gas Company, or to owners of property within one-half air mile of those facilities. Providers of "farm tap" service are not required to provide such service at any fixed or specified gas pressure or to ensure continuity of service. KRS 278.485.

Commission Staff recently inspected a portion of Equitable's facilities in Floyd County, Kentucky. A report of its findings, a copy of which is appended hereto, suggests that Equitable is providing more than farm tap service. Based upon the report's findings, it appears that Equitable is providing service through lines which cannot be classified as "gathering lines."

Having reviewed this report and being otherwise sufficiently advised, the Commission finds that an investigation should be initiated to ascertain whether Equitable is properly classified as a farm tap supplier.


IT IS THEREFORE ORDERED that:

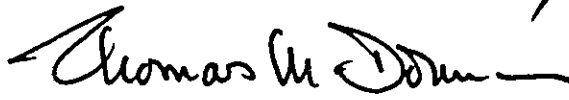
1. An investigation into Equitable's status as a supplier of farm tap service should be initiated.

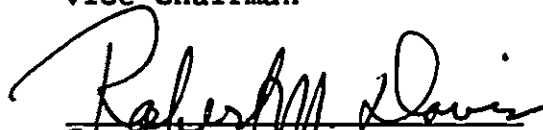
2. Equitable shall, within 20 days of the date of this Order, submit a written response to the Commission Staff Report. In this response, Equitable shall explain why the gas pipeline which is the subject of that report should not be considered a "distribution" pipeline and why its filed tariff is representative of the true character of the service which it provides.

Done at Frankfort, Kentucky, this 17th day of April, 1992.

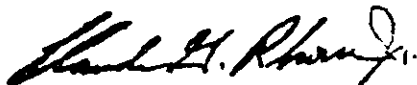
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Acting Executive Director



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COMMISSION

M E M O R A N D U M

TO: Case File No. 91-316
THRU: Ralph Dennis *RSD*
FROM: Fuad Sharifi *FS*
DATE: February 19, 1992
RE: Field Review

On February 6, 1992, Fuad Sharifi and David Kinman ("Staff") investigated the service area of Equitable Gas Company ("Equitable") and Mountain Utilities ("Mountain") on Highway 23 and Route 201 in Floyd County, Kentucky where the two previous customers of Mountain switched to the service of Equitable.

Staff met Kentucky West Virginia's ("KWV") engineers at their office in Prestonsburg, Kentucky. KWV is operating Equitable Gas system in Floyd County under a contract between the two affiliated companies.

Staff discussed the following subjects with KWV:

1. The definition of pipeline No. 1 (the line that provides gas service to Floyd County customers).
2. The location of the compressor station relative to pipeline No. 1.
3. The location of the subject customers.
4. The operating conditions of pipeline No. 1.
5. The location of Mountain's main line in that area.

An engineer for KWV and Staff investigated the area of the pipelines and the subject customers on Hwy. 23 and Route 201 in Floyd County.

Findings

1. Pipeline No. 1 extends from the discharge of Dwale Compressor Station, which is located about 12 miles south of Prestonsburg, Kentucky, to north of Paintsville. The discharge pressure of the compressor is 240 psi. The gas is supplied to

major gas distribution companies ("LDCs"), the city of Prestonsburg, the city of Paintsville, and Mountain. Downstream of the city of Paintsville the pressure drops to 25 psi. There are 87 individual customers receiving gas from this pipeline, 10 of them on the low pressure section. The subject customers are among these 10 customers.

2. Pipeline No. 1 was originally built to provide gas to another transmission line belonging to Louisville Gas and Electric Company ("LG&E"). The line was disconnected some years ago, and at present pipeline No. 1 ends about 1 1/2 miles north of Mountain's meter station along Route 201 and Hwy. 23.

3. Pipeline No. 1 was considered originally as a transmission line because it was transporting compressed gas to another transmission line (LG&E) and wholesale LDCs.

4. Currently KWV considers the line from Dwale Compressor Station to the point north of Mountain's meter station (crossing Hwy. 23 into Route 201) as transmission line. And the portion of the line from the above mentioned point to the dead end of the line is considered as gathering line according to KWV's definition. There are 10 customers on the so-called gathering line by KWV, and the subject customers are among these 10 customers.

5. The distance between each of the subject customers' premises to pipeline No. 1 is less than 1/2 air miles.

6. Mountain provides gas service to customers on Route 201.