

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF INTERSTATE GAS MARKETING,)	
INC. FOR APPROVAL OF A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY TO CONSTRUCT)	CASE NO.
PIPELINE FACILITIES, APPROVAL OF SPECIAL)	95-505
CONTRACT AND OPERATION OF A NATURAL GAS)	
TRANSPORTATION SYSTEM)	

O R D E R

On November 13, 1995, Interstate Gas Marketing, Inc. ("IGM") filed a petition with the Commission seeking approval for a certificate of public convenience and necessity to construct pipeline facilities, approval of a special contract with one commercial customer, Perdue Farms, Inc. ("Perdue"), and approval to operate a natural gas transportation system.

The proposed pipeline is approximately 500 feet of six-inch coated steel pipe and 3,000 feet of four-inch coated steel pipe API 5LX, Grade X42 with 0.188-inch wall thickness.

The estimated cost of the pipeline and related facilities (delivery station, regulators, meters, heater, and odorization equipment) is \$292,700. The proposed pipeline will be connected to Midwestern Gas Transmission ("MGT"). The pressure delivered from MGT will be 600 to 950 pounds per square inch gauge ("psig") and the maximum allowable operating pressure in the proposed system will be 720 psig. The pressure delivered to Perdue will be 100 psig. The maximum estimated volume to be delivered into the system is will be 420,000 standard cubic feet per hour.

Internal funds will be used to finance the construction and operation of the pipeline and related facilities, thus our approval of related financing is not required under KRS 278.300.

IGM filed its agreement with Perdue to provide interruptible transportation of natural gas for 20 years at a rate of \$0.35 per decatherm for the first 10 years, reduced to \$0.25 for the following 5 years and \$0.12 for the remainder of the agreement.

IGM filed its agreement with MGT to construct and operate the delivery station for natural gas for an estimated cost of \$41,344.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. IGM should be granted a certificate to construct the proposed pipeline and related facilities to provide natural gas to Perdue.

2. The natural gas transportation agreement between IGM and Perdue should be approved.

3. IGM should file a copy of the construction schedule of the proposed pipeline and related facilities with the Commission at least 1 week prior to commencement of construction work.

4. IGM should file with the Commission "as built" drawings and the final costs of the project within 90 days of the completion of construction.

5. IGM should file with the Commission a tariff indicating transportation service is offered pursuant to special contracts.

IT IS THEREFORE ORDERED that:

1. IGM is granted a certificate of public convenience and necessity to construct the pipeline and the related facilities to provide natural gas to Perdue according with the design and specifications of the record.

2. The transportation contract between IGM and Perdue is approved.

3. IGM shall comply with findings 3 and 4 above.

4. Within 30 days of the date of this Order, IGM shall file a tariff offering transportation service pursuant to special contracts. IGM shall attach the executed contract with Perdue to the tariff.

Done at Frankfort, Kentucky, this 27th day of December, 1995.

PUBLIC SERVICE COMMISSION

Linda K. Breunholt
Chairman

Vice Chairman

Robert M. Davis
Commissioner

ATTEST:

Don Miller
Executive Director