

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF BLUEGRASS GAS SALES,)
INC. FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY TO BIND ON A FRANCHISE)
IN JAMESTOWN, RUSSELL SPRINGS,) CASE NO. 96-040
MONTICELLO, WAYNE COUNTY, CUMBERLAND)
COUNTY, AND CLINTON COUNTY)

O R D E R

On February 8, 1996, Bluegrass Gas Sales, Inc. ("Bluegrass Gas") filed with the Commission its application seeking a Certificate of Convenience and Necessity to qualify it to bid on gas franchises in the cities of Jamestown, Russell Springs, and Monticello, Kentucky; and the Kentucky counties of Wayne, Cumberland, and Clinton. Under the provisions of KRS 278.020(3), no utility may apply for a franchise from any governmental agency until it has obtained a Certificate of Convenience and Necessity from this Commission based on our finding that there is a need and demand for the service sought to be rendered.

The Commission determines that there is evidence of a need and demand for gas service in the above-mentioned areas. Since the Commission's authority in such matters is limited by statute to finding only whether there is a need and demand for the service sought to be rendered, no finding or determination is made as to the qualifications of the bidder, the validity of any of the provisions of the franchise offered by said cities or counties, or the manner in which any franchise fee is to be treated for rate purposes.

IT IS THEREFORE ORDERED that:

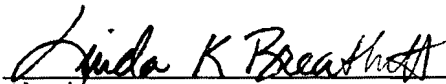
1. Bluegrass Gas is granted a Certificate of Convenience and Necessity which authorizes it to bid on gas franchises in the above-mentioned areas.

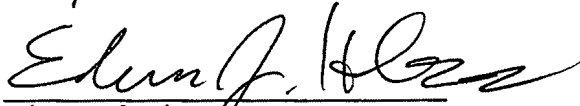
2. Bluegrass Gas, if it becomes the successful bidder, shall file with this Commission two copies of each franchise agreement.

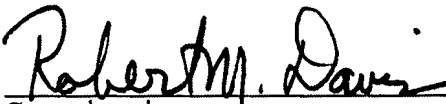
3. This Order shall not be construed as granting a Certificate of Convenience and Necessity to construct utility facilities in the said areas.

Done at Frankfort, Kentucky, this 12th day of February, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director