

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BARREN COUNTY GAS COMPANY AND BARRY)
ROGERS, INDIVIDUALLY)
)
_____) CASE NO. 96-386
)
ALLEGED VIOLATION OF KRS CHAPTER 278)

O R D E R

On September 17, 1996, the Commission received a letter, attached as an Appendix hereto, from Barry Rogers, President of Barren County Gas Company, Inc., proposing to abandon its gas system and relinquish all rights, facilities, responsibilities and duties for continued service to Bluegrass Gas Sales, Inc. ("Bluegrass Gas"). Barren County Gas requests that the hearing scheduled for September 24, 1996 to consider the adequacy of its gas supply for the next winter heating season be canceled and the instant docket closed. The Commission will treat the letter as a motion.

After consideration of the motion and being otherwise sufficiently advised, the Commission finds the motion should be denied based upon the following facts. Barren County Gas states in its letter that Bluegrass Gas will assume full ownership of the system and will serve the existing Barren County Gas customers. Pursuant to KRS 278.020(4), this transaction requires the prior approval of the Commission assuming the

requisite financial, managerial, and technical abilities of the acquiror can be demonstrated.

It would not be expedient or in the customers' interests at this time to cancel the hearing scheduled September 24, 1996. In fact, cancellation at this time may unduly prolong this proceeding should the transfer of the system to Bluegrass Gas not be approved, or the contemplated transaction fail to occur for any reason. Barren County Gas and its counsel should be prepared to address questions related to its gas supply at the September 24, 1996 hearing; however, testimony related to the financial, managerial, and technical expertise of Bluegrass Gas to provide service to Barren County Gas's customers will also be permitted.


IT IS THEREFORE ORDERED that:

1. Barren County Gas's motion to cancel the hearing scheduled September 24, 1996 and close this case is denied.
2. Barren County Gas, and Barry Rogers, in his individual capacity as President of Barren County Gas, shall appear, represented by counsel, at the hearing to address the status of its gas supply, and, at its option, produce testimony related to Bluegrass Gas's financial, managerial, and technical abilities to provide reasonable service if the contemplated transfer is approved.

Done at Frankfort, Kentucky, this 18th day of September, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 96-386 DATED SEPTEMBER 18, 1996

RECEIVED

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PUBLIC SERVICE
COMMISSION
September 12, 1996

Barren County Gas Company, Inc.
P.O. Box 8341
Shawnee Mission, KS 66208-0341
913/722-2433
Fax 913/722-2936

Mr. Don Mills
Executive Director
Public Service Commission
730 Schenkle Lane
Frankfort, KY 40601

Re: Barren County Gas Case No. 96-386

Dear Mr. Mills:

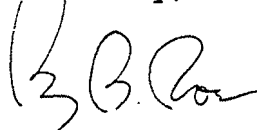
Barren County Gas proposes to abandon it's gas system and relinquish all rights, facilities, responsibilities and duties for continued service. Mark O'Brien of Bluegrass Gas Sales, Inc. is willing to operate the Barren County system and continue service to the existing customers immediately. Once the Public Service Commission authorizes abandonment, Bluegrass will assume full ownership of the system and will serve the existing customers as Bluegrass Gas Sales customers.

Barren County Gas is prepared to execute the necessary documents required for this action.

The purpose of the abandonment is to provide for an uninterrupted supply of gas to the existing Barren County customers. Bluegrass has demonstrated that they have the capability to provide that supply and are within a few weeks of being able to physically tie into the Barren County system. The existing supply well will be adequate until that time.

Barren County Gas requests that the hearing scheduled for September 24 be cancelled and the case closed. Barren County Gas Company will no longer exist upon system abandonment.

Sincerely,



Barry Rogers
President