

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GASCO DISTRIBUTION)
SYSTEMS, INC. FOR APPROVAL OF THE)
TRANSFER OF KENTUCKY OIL GATHERING) CASE NO. 98-550
CORPORATION PIPELINE AND GAS)
TRANSPORTATION CONTRACT)

O R D E R

On October 30, 1998, Gasco Distribution Systems, Inc. (Gasco) filed its application seeking from the Commission the authority to acquire ownership of a pipeline to Purdue Farms, Inc. (Purdue) and the contract rights pursuant to a special contract and, in addition, the authority to immediately assign and transfer ownership of said pipeline and contract rights over to its affiliate Titan, an interstate pipeline.

This pipeline and special contract were the subject matter of prior Commission action. On December 27, 1995, Interstate Gas Marketing, Inc. (IGM) was issued a certificate of public convenience and necessity by this Commission in Case No. 95-505¹ to construct pipeline facilities to a single commercial customer, Purdue. This pipeline supplied natural gas to Purdue pursuant to a special contract.

In October 1996, Kentucky Oil Gathering Company (KOGC) acquired ownership of this pipeline and the special contract rights without seeking Commission approval.

¹ Case No. 95-505, The Petition Of Interstate Gas Marketing, Inc. (IGM) For Approval Of A Certificate Of Convenience And Necessity To Construct Pipeline Facilities, Approval Of Special Contract And Operation Of A Natural Gas Transportation System.

Based upon these specific facts, it is clear that the pipeline provides natural gas to a single, commercial user and as such does not constitute a utility as defined by KRS 278.010(3) or Commission regulations. Based upon these facts, it appears that this application should be dismissed by the Commission for lack of jurisdiction.

It may have been the purpose of Gasco to attempt to legitimize the prior transfer of this pipeline from IGM to KOGC as is noted in Gasco's petition but, that is not necessary considering that the entity (the pipeline) is an intrastate transporter and not a utility as defined by KRS 278.010(3). Therefore, it was not necessary for the Commission to approve the transfer from IGM to KOGC. The Commission would require that in this type of transaction the parties notify the Commission since the pipeline is under the jurisdiction of the Commission for the purpose of pipeline safety regulations.

Therefore, as a result of the contemplated transaction(s), the entity which ultimately owns or controls the pipeline and the special contract rights shall file with the Commission within 30 days from the date of this Order, a copy of the executed special contract with Purdue as its tariff and such entity is hereby put on notice that it is required to comply with any and all pipeline safety regulations as an intrastate pipeline over which this Commission has jurisdiction.

IT IS THEREFORE ORDERED that:

1. The application be and the same is hereby dismissed.

2. The entity owning or controlling the subject pipeline and special contract shall file within 30 days of this Order a copy of the special contract as its tariff and shall comply with any and all applicable pipeline safety regulations.

Done at Frankfort, Kentucky, this 20th day of January, 1999.

By the Commission

ATTEST:

Executive Director