

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF MAGNUM)
DRILLING OF OHIO, INC. TO OPERATE) CASE NO. 2002-00335
A FARM TAP SYSTEM)

O R D E R

On July 9, 2002, Magnum Drilling of Ohio, Inc. (Magnum) filed a proposed tariff containing rates, rules and regulations to operate a natural gas service pursuant to KRS 278.485. The proposed tariff included a \$5.33 per Mcf rate, a \$5.00 minimum bill and an Application/User s Agreement for Natural Gas Service, which sets out a reconnection charge of \$50 and a deposit of \$150 in addition to the reconnect charge when service is disconnected for non-payment. The proposed tariff did not include the necessary cost justification for the proposed rates and charges. On September 24, 2002, the Commission suspended the tariff in order to further investigate its reasonableness. On November 13, 2002, Commission Staff performed a field review at Magnum s offices in Ashland, Kentucky.

The Commission Staff s review of Magnum s costs shows that it can justify its proposed \$5.33 per Mcf rate and \$5.00 minimum bill. However, as Magnum is a farm tap system, 807 KAR 5:026, Section 7 limits Magnum s reconnection charge to \$25. Furthermore, 807 KAR 5:006, Section 7 limits deposits to no more than two-twelfths of the customer's actual or estimated annual bill where bills are rendered monthly. The Staff s review of Magnum s customer bills shows that two-twelfths of an average

customer s bill is approximately \$45. The amounts of Magnum s reconnection charge and customer deposit must comply with these requirements.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the rates, charges, and terms in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for Magnum effective with the date of this Order.

IT IS THEREFORE ORDERED that:

1. Magnum s proposed per Mcf rate and minimum bill are approved.
2. Magnum s proposed reconnection charge and customer deposit are denied.
3. The rates, charges and terms in the Appendix to this Order are approved for Magnum effective with the date of this Order.
4. Within 30 days of the date of this Order, Magnum shall file with this Commission its revised tariff showing the effective date, the date of issue, and that it is issued pursuant to this Order.

Done at Frankfort, Kentucky, this 10th day of January, 2003.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00335 DATED January 10, 2003

The following rates and charges are prescribed for the customers served by Magnum Drilling of Ohio, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

All Customers:

Minimum Bill	\$5.00
Rate per Mcf	\$5.33
Reconnect Charge	\$25.00
Deposit	Two-Twelfths of a Customer s Annual Bill