

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY FRONTIER)
GAS, LLC FOR APPROVAL OF FINANCING) CASE NO. 2008-00394
AND TRANSFER OF CONTROL)

O R D E R

On September 24, 2008, Kentucky Frontier Gas, LLC ("Kentucky Frontier") applied for approval of its proposed assumption of indebtedness of several gas utilities and the issuances of new evidences of indebtedness to finance its proposed acquisition of the assets or corporate stock of those utilities. On October 22, 2008, Kentucky Frontier amended its application to further request Commission approval of its proposed acquisition of the same utilities.

KRS 278.300(1) provides:

No utility shall issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized so to do by order of the commission.

Kentucky Frontier asserts that, as a result of its contracts to operate Mike Little Gas Company ("Mike Little") and Floyd County Gas ("Floyd County"), it is a utility as defined by KRS 278.010(3)(b). The Commission finds that Kentucky Frontier's contracts with Mike Little and Floyd County are insufficient to afford Kentucky Frontier the status of a utility. Until Kentucky Frontier has acquired ownership or control of facilities used to provide utility service, it does not meet the statutory definition of a

"utility." Accordingly, KRS 278.300 is not applicable. We find that the portion of Kentucky Frontier's application related to the proposed financing should be dismissed as unnecessary.

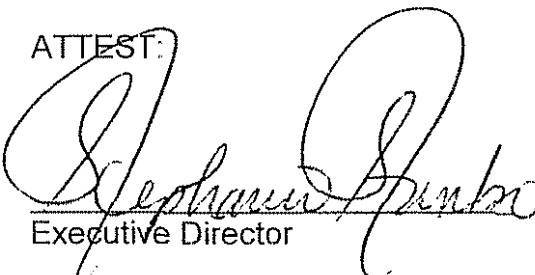
IT IS THEREFORE ORDERED that:

1. Kentucky Frontier's application as it relates to its proposed financing is dismissed.
2. A decision on that portion of Kentucky Frontier's application that relates to its proposed acquisition of certain gas utilities shall be forthcoming.

Done at Frankfort, Kentucky, this 24th day of November, 2008.

By the Commission

ATTEST:


Executive Director