

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| AN INVESTIGATION OF THE IMPACT OF |) | |
| THE FEDERAL ENERGY REGULATORY |) | |
| COMMISSION'S ORDER 636 ON KENTUCKY |) | ADMINISTRATIVE |
| CONSUMERS AND SUPPLIERS OF |) | CASE NO. 346 |
| NATURAL GAS |) | |

O R D E R

IT IS ORDERED that the original and 12 copies of the following information shall be filed by the indicated parties with this Commission no later than 20 days from the date of this Order, with a copy to all parties of record. If the information cannot be provided by the stated date, a motion for an extension of time should be submitted stating the reason a delay is necessary and a date by which the information will be furnished. Such motion will be considered by the Commission.

The following questions should be answered by Auxier Road Gas Company, Inc. ("Auxier Road"); B & H Gas Company ("B & H"); Belfry Gas, Inc.; Burkesville Gas Company; East Kentucky Utilities, Inc. ("East Kentucky"); Elam Utility Company, Inc.; Elzie Neeley Gas Company, Inc.; Equitable Gas Company; Johnson County Gas Company ("Johnson County"), Inc.; Kentucky-Ohio Gas Company ("Kentucky-Ohio"); Martin Gas, Inc.; Mike Little Gas Company, Inc. ("Mike Little"); Mountain Utilities, Inc.; Mt. Olivet Natural Gas Company; Phelps Gas Company; Valley Gas, Inc. ("Valley"); and Western Lewis-Rectorville Gas and Water District ("Western Lewis"):

1. What kind of transportation service will the LDC be using on its transporting pipeline (firm, no-notice, etc.)?

2. When did the LDC last communicate with its transporting pipeline?

3. What is the LDC's understanding of the transportation services available from the pipeline effective November 1, 1993, when pipeline restructuring proposals are to go into effect?

4. Has the LDC entered into a transportation contract with its transporting pipeline that will be effective after November 1, 1993?

5. If contracts for gas supply are for a term of one year or more, would it be more practical to have an annual purchased gas adjustment procedure? Are quarterly filings preferable?

The following questions should be answered by Johnson County:

6. In response to Items 1 and 3 of the Commission's January 29, 1993 Order, Johnson County stated that 27 percent of its gas supply is delivered from Kentucky West Virginia Gas Company ("Kentucky West") on a firm basis and 73 percent from Centran Corporation ("Centran") on an interruptible basis.

a. Subsequent to implementation of Order 636, Kentucky West will no longer perform a merchant function. What arrangements has Johnson County made to replace this portion of its gas supply needs with a firm gas supply? Will this new source of gas be transported to Johnson County on a firm basis? If not, why?

b. If Centran's gas is interrupted, what alternative gas supply arrangements are available to Johnson County? Would these alternative sources be transported on a firm basis?

c. Through which pipeline is Centran's gas delivered to Johnson County?

d. Prior to the 1993-94 heating season, does Johnson County intend to replace that portion of its gas supply delivered on an interruptible transportation basis with gas provided on a firm transportation basis? If not, why?

The following questions should be answered by Auxier Road:

7. In response to Items 1 and 3 of the Commission's January 29, 1993 Order, Auxier Road stated that 58 percent of its gas supply is delivered by Centran on an interruptible basis.

a. If Centran's gas is interrupted, what alternative gas supply arrangements are available to Auxier Road? Would these alternative sources be transported on a firm basis?

b. Through which pipeline is Centran's gas delivered to Auxier Road?

c. Prior to the 1993-94 heating season, does Auxier Road intend to replace that portion of its gas supply delivered on an interruptible transportation basis with gas provided on a firm transportation basis? If not, why?

8. With regard to the 6 percent of its gas supply provided by AEI-KAARS:

a. How many existing wells are available for supply to Auxier Road?

b. Provide the location (county) for each well and the year in which it was drilled. Has each well been in continuous production since it was drilled?

c. For each year AEI-KAARS has provided gas to Auxier Road, provide the amount of gas supplied and the number of wells from which the supply came. Has this gas been available during the heating seasons?

d. What is the BTU content of the gas from AEI-KAARS?

The following questions should be answered by Valley Gas:

9. In response to Items 1 and 3 of the Commission's January 29, 1993 Order, Valley Gas stated that 80 percent of its gas supply is delivered by Texas Gas Marketing on an interruptible basis, although Valley Gas has the option to acquire 100 percent of its gas supply from Texas Gas Transmission Company ("Texas Gas") if the gas supply from Texas Gas Marketing is curtailed.

a. Subsequent to implementation of Order 636, Texas Gas will no longer perform the merchant function of selling gas. What arrangements has Valley Gas made to replace this option which in effect gave Valley Gas a firm supply for 100 percent of its gas? Will these arrangements include firm gas transportation?

b. If Valley Gas intends to continue using Texas Gas Marketing as a gas supply source, will such gas be transported to Valley Gas on a firm basis? If not, why?

10. Since Texas Gas will no longer be providing a merchant function once it implements Order 636, what arrangements has Valley Gas made to replace that portion (20 percent) of its gas supply

provided by Texas Gas? Will this gas be transported to Valley Gas on a firm basis? If not, why?

The following questions should be answered by East Kentucky:

11. In its response to Items 1 and 3 of the Commission's January 29, 1993 Order, East Kentucky stated that 100 percent of its gas supply is provided by Equitable Resources Exploration ("EREX").

a. Is this gas transported to East Kentucky by Kentucky West? If not, by whom?

b. Is this gas transported on a firm basis? If not, why?

The following questions should be answered by Western Lewis:

12. In response to Items 1 and 3 of the Commission's January 29, 1993 Order, Western Lewis stated that 70 percent of its gas supply is provided by Gasco and is delivered on an interruptible basis.

a. If Gasco's gas is interrupted, what alternative gas supply arrangements are available to Western Lewis? Would these alternative sources be transported on a firm basis?

b. Prior to the 1993-94 heating season, does Western Lewis intend to replace this portion of its gas supply delivered on an interruptible transportation basis with gas provided on a firm transportation basis? If not, why?

13. Since Columbia Gas Transmission Corporation will no longer perform a merchant function once it implements Order 636, what arrangements has Western Lewis made to replace that portion

(30 percent) of its gas supply needs? Will this gas be transported to Western Lewis on a firm basis? If not, why?

The following questions should be answered by B & H:

14. In its response to Items 1 and 3 of the Commission's January 29, 1993 Order, B & H stated that EREX provides gas during the heating season.

a. Is this gas transported to B & H by Kentucky West?

b. Is this gas transported to B & H on a firm basis?

If not, why?

c. For each of the last three heating seasons (October through March) provide the amount of gas supplied by EREX.

15. With regard to the gas supply provided by B and S Oil and Gas:

a. How many existing wells are available for supply to B & H?

b. Provide the year in which each well was drilled. Has each well been in continuous production since it was drilled?

The following questions should be answered by Mike Little:

16. In response to Items 1 and 3 of the Commission's January 29, 1993 Order, Mike Little stated that 100 percent of its gas supply is provided by Equitable on an interruptible basis, although no interruption has ever occurred.

a. Is the gas transported to Mike Little by Kentucky West?

b. When Mike Little states that the Equitable contract is for interruptible service, is the gas supply interruptible or is

the transportation of the gas to Mike Little interruptible? Since the gas service is interruptible, what alternative arrangements are available to Mike Little if the service would be interrupted?

c. While Mike Little purchased no gas from Kentucky West for the time period stated, does Mike Little intend to maintain this gas supply option? Since Kentucky West will no longer perform a merchant function once it implements Order 636, what will be the gas supply option to Equitable?

d. Prior to the 1993-94 heating season, does Mike Little intend to replace the gas supply delivered on an interruptible basis with gas provided on a firm basis? If not, why?

The following questions should be answered by Kentucky Ohio:

17. In response to Items 1 and 3 of the Commission's January 29, 1993 Order, Kentucky Ohio stated that 82 percent of its gas supply is delivered from interstate pipelines on an interruptible basis. According to Kentucky Ohio, negotiations are underway to acquire a long-term gas supply which would be transported to Kentucky Ohio on a firm basis.

a. What is the status of these negotiations?

b. Which pipelines will deliver this gas to Kentucky Ohio? Will delivery of such gas require Kentucky Ohio to construct any new facilities? If yes, describe.

c. What portion of the 82 percent currently delivered is utilized by Kentucky Ohio for service to its residential customers?

d. Regardless of the outcome of the aforementioned negotiations, prior to the 1993-94 heating season, does Kentucky Ohio intend to have any gas which is transported via an interstate and intended for residential consumption to be delivered on a firm transportation basis? If not, why?

The following question should be answered by Belfry:


18. When Columbia Gas Transmission no longer offers a sales service, how will volumes purchased from Kinhay be priced?

Done at Frankfort, Kentucky, this 8th day of June, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director