

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS)
OF KENTUCKY, INC., FOR A)
CERTIFICATE OF PUBLIC) CASE NO. 9609
CONVENIENCE AND NECESSITY)
TO CONSTRUCT A NATURAL GAS)
PIPELINE)

O R D E R

On June 13, 1986, Columbia Gas of Kentucky, Inc., ("Columbia") filed an application with the Commission requesting that a certificate of public convenience and necessity be issued authorizing Columbia to construct a 12-inch gas pipeline in and through Nicholas, Bourbon, Harrison and Scott counties. The Toyota Motor Corporation ("Toyota") is planning to build an automobile assembly plant in the vicinity of Georgetown, Kentucky. Certain processes which Toyota will use require natural gas, and Columbia has agreed in principle to furnish Toyota with its natural gas service. In addition to serving Toyota, construction of the pipeline will result in upgrading certain portions of Columbia's existing distribution system which serves the Lexington-Georgetown area. Columbia also states that this pipeline will ensure that anticipated future growth in demand for gas can be met for this area.

In its application Columbia states that its existing gas distribution facilities are inadequate to supply Toyota with the

quantity of gas Toyota estimates it will require. Columbia further states that to construct the 32-mile pipeline it may have to initiate eminent domain proceedings to acquire certain right-of-ways necessary for construction of the pipeline; and that a certificate of public convenience and necessity may be a prerequisite to eminent domain proceedings.

On July 16, 1986, the Commission issued an Order requesting additional information primarily related to engineering and construction considerations. On August 1, 1986, Columbia filed their response to the Order. Included in the additional information was an anticipated start of construction of October 1, 1986. After review of the remaining information, the Commission's Division of Engineering concluded that all relevant engineering considerations had been resolved relating to the construction.

During the period in which this application has been under review, two petitions for intervention have been received and sustained by the Commission: HULLIHEN W. MOORE, Richmond, Virginia; and CHARLES H. RYLAND, Warsaw, Virginia. Both own property in Bourbon County through which the proposed pipeline would be constructed. Neither intervenor provided any additional clarification regarding their reasons for intervention except to protect their interests.

In addition, a letter has been submitted to the Commission which establishes the nature of the commitment between Columbia and Toyota. In part it states that both companies "...have agreed that Columbia will supply and Toyota will receive gas service until 1992." While specific details are still under negotiation,

this letter further states that "...such commitments by both Toyota and Columbia are firm." The letter is signed by representatives of Toyota and Columbia.

The Commission notes that Columbia also has a rate case scheduled for hearing on October 14, 1986 (Case No. 9554). In that filing Columbia has included for rate-making purposes certain expenses in Case No. 9554 related to the proposed pipeline. Notice is hereby served upon Columbia that the decision in this proceeding does not approve or deny any rate-making treatment of this construction or related items in future rate cases before the Commission.

FINDINGS & ORDERS

After reviewing the record, the Commission is of the opinion and hereby finds that:

1. Application has been made by Columbia Gas for a certificate of public convenience and necessity to construct a pipeline to serve the Toyota plant, and to upgrade certain portions of its existing distribution system.

2. Columbia has provided sufficient engineering information which should result in the construction of the pipeline in compliance with the requirements of the Commission's pipeline safety regulations.

3. The interests of the intervenors regarding issues jurisdictional to the Commission should be protected as the requirements of the pipeline safety regulations are met.

4. Based upon the information available, the agreement between Columbia and Toyota is firm.

IT IS THEREFORE ORDERED that:

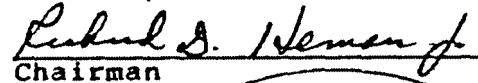
1. A certificate of public convenience and necessity is issued to Columbia to construct a pipeline to serve Toyota and upgrade certain portions of its distribution system as described in its application.

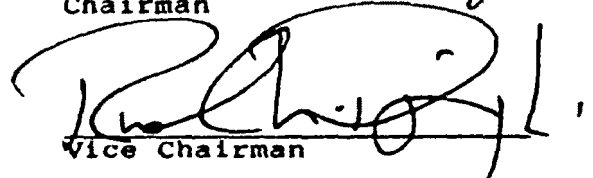
2. Columbia shall furnish the Commission with additional information which relates to the progress of construction on a monthly basis until the project is completed.

3. Nothing in this Order shall be interpreted to mean that certain expenses Columbia has included for rate-making purposes in Case No. 9554 have been approved by virtue of the issuance of a certificate of public convenience and necessity in this proceeding.

Done at Frankfort, Kentucky, this 17th day of September, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director