

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PENDLETON COUNTY WATER DISTRICT,)
GAS DIVISION, DELINQUENT PURCHASED) CASE NO. 9655
GAS ACCOUNT WITH COLUMBIA GAS)
TRANSMISSION)

O R D E R

On May 19, 1986, Columbia Gas Transmission ("Columbia Transmission") filed a letter with the Commission stating that it had filed an application with the Federal Energy Regulatory Commission to suspend further sales of natural gas to Pendleton County Water District, Gas Division ("Pendleton County"). The letter also stated that since the negotiations concerning a potential takeover by Union Light, Heat and Power began, Pendleton County has fallen an additional \$49,915 further behind in its gas purchase obligations. As of May 1, 1986, Columbia Transmission stated that Pendleton County owed it \$1,308,864 and Columbia LNG Corporation ("Columbia LNG") \$53,600.

During the negotiations, Columbia Transmission agreed to forgive the debt and proceed with the sale if Pendleton County remained current on its gas obligations.

Due to the probability that a continued gas purchases delinquency may jeopardize Pendleton County's ability to provide continuing service, the Commission finds it is necessary for Pendleton County to explain the reasons for the additional

delinquency. Pendleton County should also state what steps it has or intends to take toward resolution of this delinquency and continuing to provide service to its customers.

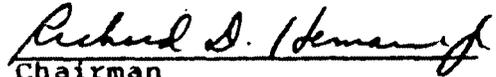
If a settlement is reached concerning the delinquency with Columbia Transmission and Columbia LNG and documentation of the agreement, executed by both parties, is filed as a part of this case by September 26, 1986, the Commission may, at its discretion, cancel the show cause hearing established herein.

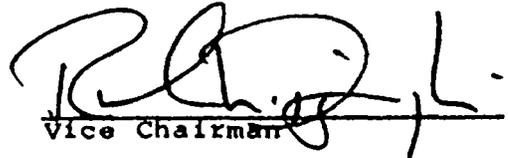
IT IS THEREFORE ORDERED that:

1. Pendleton County shall appear before the Commission on September 30, 1986, at 9:00 A.M., Eastern Daylight Time, at the Commission's offices in Frankfort, Kentucky, for the purpose of presenting evidence related to the delinquent purchased gas accounts with Columbia Transmission and Columbia LNG and to demonstrate what actions will be initiated to assure continued operations and service to Pendleton County's customers.

Done at Frankfort, Kentucky, this 11th day of August, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Commissioner

Executive Director