

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY)	
INC., FOR AN ORDER AUTHORIZING IT TO)	
AMEND ITS TARIFF AND FOR AUTHORITY TO)	CASE NO.
DEVIATE FROM COMMISSION REGULATION 807)	10127
KAR 5:022, SECTION 9(17)(a)1, AND 807)	
KAR 5:022, SECTION 9(17)(a)2)	

O R D E R

On January 12, 1988, Columbia Gas of Kentucky, Inc. ("Columbia"), filed an application with the Commission requesting a deviation from 807 KAR 5:022, Section 9(17)(a)1 and 2. Columbia proposes authority to assume ownership of the service lines of residential and commercial customers and to take responsibility for maintenance of those lines, and also proposes authority for the omission of curb boxes and curb valves.

In response to information requests from the Commission and the discussion at the informal conference held on July 20, 1988, Columbia has revised the service cost and the impact of this program (ownership of the customer's service line) on rates.

In its application, Columbia proposes to adopt a program of the installation of the customer's service line which extends from the property line or curb valve to the meter for a potential residential or commercial customer, and thereby Columbia shall own, operate, and maintain the service line. Currently, the customer is responsible for installing the customer service line according

to 807 KAR 5:022, Section 9(17)(a)2. Columbia thereafter inspects the installation of the service line to ensure its compliance with the safety regulations.

Columbia proposes to omit the installation of the curb box and curb valve which is required by Commission Regulation 807 KAR 5:022, Section 9(17)(a)(1).

Columbia proposes to assume responsibility of operating and maintaining residential and commercial customer service lines that are currently in operation. When replacement of such a line is necessary, Columbia will replace the line and shall thereafter own, operate, and maintain the service line.

If Columbia's proposal regarding its ownership of service lines is assumed, Columbia estimates an annual addition of 794 new commercial and residential customers and a retention of 40 customers who normally switch to electric equipment to avoid the cost of repair or replacement of service lines.

Columbia estimates the cost of installation of a service line to a customer is \$500 to \$1000. Columbia estimates a cost savings of 25 percent of the above cost in addition to a reduction in the inspection cost required currently to the constructed service line if the installation is carried out by Columbia.

Columbia estimates an annual cost savings of \$16,173 for the elimination of the inspection of the curb stops and a net annual reduction of \$47,797 in operation and maintenance expenses.

By assuming ownership of the service lines, Columbia estimates an average load increase of 87,906 Mcf per year, resulting in an increase in the annual base revenues. This will recover

most of the cost of service increases related to Columbia's ownership of the service lines. The net annual revenue deficiency is estimated to be \$14,028.

Columbia estimates the annual revenue deficiency will be increased to \$41,615 if the current curb valve and curb box policy is applied according to Commission Regulation 807 KAR 5:022, Section 9(17)(a)1.

The customer is deemed to have granted Columbia an easement across his or her property for the operation and maintenance of the service line.

The customer has to pay for high pressure regulators if the customer is served from high pressure line at a pressure in excess of 60 psig.

Columbia may charge for service line footage in excess of 100 feet; however, this charge may be waived by Columbia in circumstances when there is sufficient economic justification and shall apply to all customers found to have similar service conditions.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. A safety benefit will result from this program under which Columbia installs, owns, operates, and maintains customer service lines by professional people.

2. Columbia should be authorized to deviate from Commission Regulation 807 KAR 5:022, Section 9(17)(a)2, and assume the responsibility of:

- a. Installing customer service lines (at no cost to the customer) that extend from the property line or curb box to

the meter for a new residential or commercial customer and thereby will own, operate, and maintain the service line.

b. Operating and maintaining existing customer service lines. When the service line needs replacing, Columbia shall replace the line at no cost to the customer and shall thereafter own, operate, and maintain the service line.

3. Columbia should be denied a deviation from Commission Regulation 807 KAR 5:022, Section 9(17)(a)1, and ordered to provide the curb box and curb valve as deemed necessary according to Commission Regulation 807 KAR 5:022, Section 9(17)(a)1, because of overriding safety considerations such as accessibility to the valve.

IT IS THEREFORE ORDERED that:

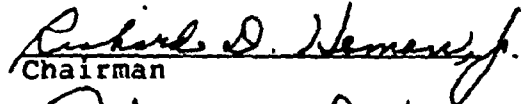
1. Columbia be and it hereby is granted a deviation from 807 KAR 5:022, Section 9(17)(a)2, and is authorized to install customer service lines at no cost to the customer on and after the date of this Order; and thereafter Columbia will own, operate, and maintain the customer service line. For service lines in excess of 100 feet, Columbia shall charge the customer for additional cost except in circumstances where there is sufficient economic justification and shall apply to all customers found to have similar service conditions.

2. Columbia shall operate and maintain existing service lines at no cost to its customers on and after the date of this Order. When a customer's service line is to be replaced, Columbia shall install a new service line at no cost to the customer and thereafter will own, operate, and maintain the service line.

3. Columbia shall install the curb box and curb valve in accordance with 807 KAR 5:022, Section 9(17)(a)1.

Done at Frankfort, Kentucky, this 10th day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director