

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION BY BARREN COUNTY GAS)
COMPANY TO ESTABLISH GAS SERVICE) CASE NO. 90-322
PURSUANT TO KRS 278.485 AND)
APPROVAL OF RATES AND CHARGES)

O R D E R

On September 10, 1990, Barren County Gas Company ("Barren County") filed a proposed tariff requesting Commission approval for rates and charges proposed therein and "status as a farm tap system as described under KRS 278.485." The proposed rates and charges are for gas service Barren County intends to provide to prospective customers pursuant to KRS 278.485. No such service currently exists.

According to Barren County, it is currently operating a gas gathering operation in the counties of Barren and Metcalfe, Kentucky. Gas is purchased from producers for resale to markets available through delivery to Columbia Gulf Transmission Company ("Columbia Gulf"). Columbia Gulf is an interstate gas pipeline company, and Barren County's gathering pipeline is tapped into a Columbia Gulf pipeline which passes through Metcalfe County.

KRS 278.485 establishes the circumstances under which a gas pipeline company shall furnish gas to an individual end-user and the nature and conditions of such service. 807 KAR 5:026 is the Commission regulation that establishes rules which apply to

service from gas gathering pipeline systems, including rates and charges which may be assessed.

Based upon the information submitted in the proposed tariff, the Commission hereby finds that further investigation will be necessary to determine the reasonableness of the proposed rates and charges. Since the tariff submitted did not include an effective date, the proposed tariff does not need to be suspended.

IT IS THEREFORE ORDERED that Barren County shall file the original and six copies of the following information with this Commission. Careful attention should be given to copied material to make certain that it is legible. The information requested herein is due no later than 14 days from the date of this Order.

1. Provide copies of the Articles of Incorporation for Barren County and Energy Development Corporation.

2. Describe Robert Briney's background with particular attention to his qualifications to operate the system, perform meter and line repair and maintenance, and maintain any manuals and other documents as required by Commission regulations.

3. Provide cost support for the rate and each charge proposed, excluding the \$150 tap fee. Particular attention should be addressed to that portion of the proposed \$6.00/Mcf flat rate which represents costs over and above the cost of gas to Barren County.

4. If the Commission approves a cash deposit, state whether Barren County will comply with KRS 278.460 and pay interest at 6 percent annually on each customer's deposit.

5. The circumstances which require gas service pursuant to KRS 278.485 and the conditions of that service are substantially different than service provided by a local distribution company.

a. State whether a contract will be signed between the customer and Barren County delineating the responsibilities of the company and the customer. If so, provide a copy of the proposed contract.

b. If no contract is to be used, state whether Barren County will include language in its proposed tariff which clarifies the circumstances and conditions of service as stated in KRS 278.485 and 807 KAR 5:026.

6. Provide the name(s) and address(es) of the entity supplying gas to Barren County.

a. State whether any of the principals of Barren County or Energy Development Corporation are involved in any way with the supplier(s) of gas. If so, who and in what capacity?

b. Provide the cost of gas from the supplier(s) to Barren County and state how often the price will be negotiated.

7. On August 21, 1990, Big Three Equipment Company, Inc. submitted copies of the pressure test charts and test report for the three-inch and two-inch plastic gas pipeline which it had installed for Barren County.

a. The length of feet tested was 43,000 feet of three-inch plastic and 5,200 feet of two-inch plastic. Does this represent the extent of the gathering system from which gas service will be provided? If not, please explain.

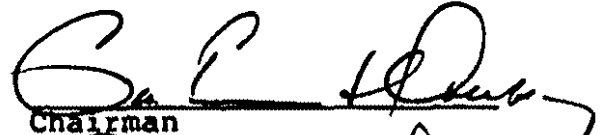
b. State whether the gathering system is currently operating; if so, state to whom gas is being sold, at what price, and when the system became operational.

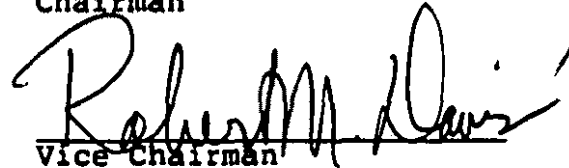
8. If gas is not being sold at present "to markets available through Columbia Gulf"; once commenced, how will the price of the gas be determined?

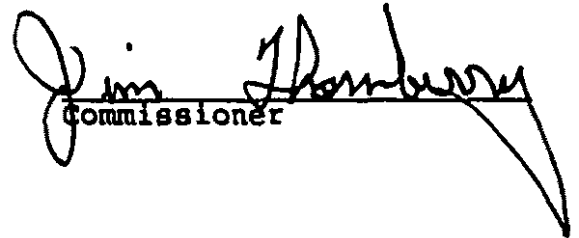
9. State the number and the basis for the number of anticipated customers who will qualify for service under KRS 278.485. Once these customers are receiving gas, state whether Barren County will have excess gas available for resale elsewhere.

Done at Frankfort, Kentucky, this 25th day of October, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director