

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF LINDSEY AND) CASE NO.
ELLIOTT GAS COMPANY) 91-375

O R D E R

On October 23, 1991, the Commission established this proceeding to investigate the proposed action of Lindsey and Elliott Gas Company ("Lindsey and Elliott") to discontinue gas service to certain customers receiving gas service pursuant to KRS 278.485. On November 12, 1991, an informal conference was conducted at the Commission's offices; in attendance were Lindsey and Elliott, representatives of the 58 affected customers, and Commission Staff.

Based upon information in Lindsey and Elliott's September 20, 1991 notice to the customers, the gathering pipeline from which service is provided will be abandoned due to cancellation by Columbia Gas Transmission Corporation ("CGTC") of its gas purchase contract with Lindsey and Elliott. Since no other market exists, gas will no longer be transported through this pipeline from the one well which has been the supply source.

During the November 12, 1991 informal conference, Lindsey and Elliott stated that it intends to shut in the gas well, and a portion of the pipeline will be removed pursuant to KRS 278.485(6). Staff requested that Lindsey and Elliott continue gas

service to each customer until an alternative fuel source could be arranged for that customer. However, Lindsey and Elliott expressed concern that continued operation of the pipeline would subject the company to significant liability given the pipeline's present condition. Lindsey and Elliott maintained that the pipeline was unsafe despite any acknowledgement to the Commission prior to this investigation that an unsafe condition existed.

Lindsey and Elliott offered to give the pipeline to the customers who could maintain the operation to continue service. However, the customers present at the informal conference, who were representing all the customers affected, were not interested in assuming operation of the pipeline for their own use. At the conclusion of the conference, Staff explained to the parties that pursuant to KRS 278.485(6) Lindsey and Elliott had the right to abandon the pipeline and did not require Commission approval to do so. Lindsey and Elliott stated its intention was to proceed with abandonment of the pipeline as planned.

After consideration of the record in this proceeding and being otherwise sufficiently advised, the Commission is of the opinion and hereby finds that:

1. Lindsey and Elliott operates a gas gathering pipeline located in Pike County through which gas has been transported from one well for sale to CGTC. Also connected to this pipeline are 58 residential customers who have been receiving gas service pursuant to KRS 278.485.

2. Based upon a September 20, 1991 notice sent to all the affected customers, Lindsey and Elliott will abandon this pipeline

on November 22, 1991 due to CGTC's cancellation of its gas purchase contract with Lindsey and Elliott. According to Lindsey and Elliott, no other market exists for the gas produced from the well. Lindsey and Elliott intends to shut in the gas well after the pipeline has been abandoned.

3. KRS 278.485(6) states in part:

Nothing in this section shall be construed to restrict the right of any gas pipeline company to abandon any gas well or any gathering pipeline, or any part thereof, and to remove any such abandoned pipeline or lines.

IT IS THEREFORE ORDERED that:

1. Lindsey and Elliott shall notify the Commission's Gas Pipeline Safety Branch when a portion of the pipeline has been removed to render the pipeline inoperable.

2. This investigation shall be and hereby is closed.

Done at Frankfort, Kentucky, this 25th day of November, 1991.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:


Executive Director