

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DISRUPTION OF GAS SUPPLY TO)
SALYERSVILLE GAS COMPANY, INC.)
AND IMPLEMENTATION OF GAS)
CURTAILMENT PLAN)
CASE NO. 92-541

O R D E R

At 10:15 a.m., December 8, 1992, the Trustee in Bankruptcy for Salyersville Gas Company, Inc. ("Salyersville Gas"), Morris Kennedy, contacted Commission Staff and advised that disruptions in gas service to its customers were occurring due to an inadequate supply of gas. Given the time of year and the expected weather conditions, based upon discussions with his current gas suppliers, and being unable to locate any additional suppliers of gas, Mr. Kennedy stated he expects the current disruption of service to continue to some extent for the remainder of the 1992-93 heating season.

According to Mr. Kennedy, at the time of his telephone call, customers on the east side of town along Highway 114, consisting primarily of commercial customers, had sufficient gas for non-space heating purposes only. Many customers on the remaining portion of the system, primarily in the downtown area and immediate environs, were without sufficient gas for heating.

Mr. Kennedy stated that the current suppliers, BTU Pipeline, Inc. ("BTU") and Rexplore, Inc. ("Rexplore"), had all available gas wells producing and connected to the Salyersville Gas system. No

additional sources of gas appear to be available from either BTU or Rexplore.

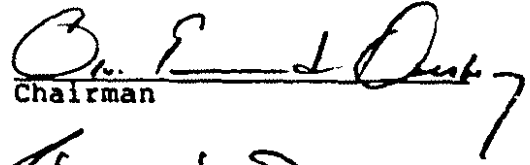
Two additional gas suppliers are located in the area, Russell Parsons and CamAm Energy; but neither is able to help. According to Mr. Parsons, his supply of gas is not currently connected to the Salyersville Gas system. He is unwilling to lay the necessary pipe to connect without compensation from Salyersville Gas, which has no funds to pay for such construction. CamAm Energy has advised Commission Staff that all of its available gas is needed to maintain service to its KRS 278.485 customers.

Since some gas remains available from BTU and Rexplore and should continue at approximately the present levels under current conditions, the Commission is of the opinion that Salyersville Gas should immediately implement a gas curtailment plan to assure to the extent possible continued service for domestic uses and uses deemed to be necessary for the protection of public health and safety.

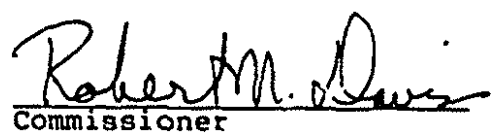
IT IS THEREFORE ORDERED that Salyersville Gas shall immediately, as of the date of this Order, implement the gas curtailment plan attached as an Appendix to this Order.

Done at Frankfort, Kentucky, this 8th day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-541 DATED DECEMBER 8, 1992

GAS CURTAILMENT PLAN
SALYERSVILLE GAS COMPANY

In case of impairment of gas supply or partial or total interruption and when it appears Salyersville Gas is or will be unable to supply at any time the requirements of all its customers in any system or segment thereof due to any cause whatsoever, then the Order of Curtailment or Interruption of Service, insofar as practicable shall be:

- Step 1. Deliveries to industrial or other customers under contracts providing for interruptible service and curtailment.
- Step 2. Deliveries to industrial customers under contracts or rate schedules providing for firm services.
- Step 3. Deliveries to commercial customers for space heating purposes.
- Step 4. Deliveries to commercial customers for non-space heating purposes.

When the curtailments or interruptions of deliveries in the above steps fail to provide sufficient gas to meet the requirements of the remaining customers, Salyersville Gas shall exercise its best judgment and distribute as equitably as possible the gas that is available, taking into consideration the customers affected and their gas utilization, the operation of its system, and any other factors it deems necessary in the best interests of service, public health, and safety.

When the causes or contingencies of the curtailment or interruptions cease to be operative, Salyersville Gas shall restore full

service to all customers as promptly as possible in the reverse order of the curtailments or interruptions insofar as is practicable.

Salyersville Gas will curtail or interrupt these customers on as equitable a basis as is practicable, using its best judgment, and taking into considerations its operations and related factors and the operations and gas utilization of the customers affected.