

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE IMPACT OF)	
THE FEDERAL ENERGY REGULATORY)	
COMMISSION'S ORDER 636 ON KENTUCKY)	ADMINISTRATIVE
CONSUMERS AND SUPPLIERS OF)	CASE NO. 346
NATURAL GAS)	

O R D E R

On January 29, 1993, the Commission initiated this case to address issues arising from the Federal Energy Regulatory Commission's Order 636. The Commission has identified the following topics it intends to explore in upcoming proceedings in this case:

1. Local distribution companies' ("LDC") experiences with the first winter under Order 636.

2. Confidentiality of LDCs' supply contracts.

3. Minimum take requirements; access to transportation service.

4. Maximizing the benefits of LDCs' firm capacity on pipelines:

a. The relative advantage and disadvantage of capacity release (both direct assignment and "open season"); innovative sales services targeted at large-volume customers; and reserve margins (excess capacity held by the LDC for peak-day requirements).

b. Appropriate incentive mechanisms for capacity release programs.

c. The possible advantages of release or assignment of storage capacity.

5. Unbundling of LDC transportation and sales services: should sales of system supply gas to transportation customers be made only through standby or agency services?

6. Defining interruptible transportation service:

a. Should interruption of customers on interruptible service take place on a predictable (i.e., pro rata) basis, or is the traditional character of this service sufficient notice to the customer that it should be prepared for total interruption at any time?

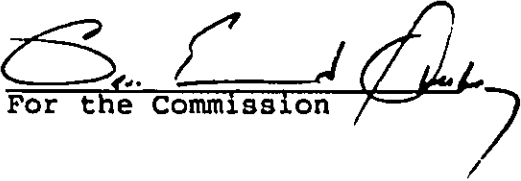
b. Should the LDC be required to verify that the customer either has alternate fuel options or that it can withstand interruption?

c. Should interruptible contracts be in sufficient detail that they address such issues as interruption due to supply vs. capacity constraints, compensation for seizure of customer-owned gas when replacement volumes are cheaper than seized volumes, etc.?

IT IS HEREBY ORDERED that any party wishing to suggest additional topics for the Commission's consideration shall do so within 30 days of the date of this Order. The issues listed above, plus any others deemed to be within the scope of this proceeding, will be the subject of future data requests as well as a public hearing.

Done at Frankfort, Kentucky, this 7th day of April, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director