

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF THE	)	
SOURCE OF SUPPLY AND GAS	)	
COST ARREARAGE OF ZEBULON	)	CASE NO. 97-163
GAS ASSOCIATION, INC.	)	

O R D E R

On April 2, 1997, the Commission received a letter from Zebulon Gas Association, Inc. ("Zebulon") indicating that it had an outstanding arrearage to Columbia Gas Transmission ("TCO") in excess of \$100,000. The attached letter addressed to Zebulon from TCO states that Zebulon has been using TCO storage gas since November 1993 and that no other gas has been purchased by Zebulon to fill its storage account. Both letters are attached as an Appendix to this Order.

The Commission finds that Zebulon's gas supply arrangements and gas cost arrearage should be investigated to ensure that gas service to Zebulon's customers is not jeopardized.

The Commission, on its own motion, HEREBY ORDERS that:

1. This docket is opened to investigate the adequacy of Zebulon's gas supply arrangements and to monitor the progress of discussions with TCO concerning repayment of the arrearage.

2. Within 20 days of the date of this Order, Zebulon shall file with this Commission the following information:

1. The rates for gas service Zebulon is currently charging its customers.

2. Any other fee or rate Zebulon charges its customers.
3. The number of customers served by Zebulon.
4. A description of Zebulon's system, ownership, and method of providing service to its customers.
5. The current source of Zebulon's supply of gas.
6. The current status of Zebulon's discussions with TCO concerning the gas cost arrearage.

Done at Frankfort, Kentucky, this 4th day of April, 1997.

PUBLIC SERVICE COMMISSION

Linda K. Breathitt  
Chairman

Elmer J. Helton  
Vice Chairman

B. J. Helton  
Commissioner

ATTEST:

Don Mills  
Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 97-163 DATED APRIL 4, 1997

**ZEBULON GAS ASSOCIATION, INC**

**P.O. BOX 610**

**PIKEVILLE, KY 41502**

APR 2 1997  
Ky. Public Service Commission

March 31, 1997

Mr. Don Mills  
Executive Director  
Ky Public Service Commission  
Box 615  
Frankfort, Ky 40602

Dear Mr. Mills:

I am writing this letter due to the suggestion of Mr. Edwin Scott Smith, per a telephone conversation of March 23, 1997, concerning a large negative gas balance in the GTS storage account of Zebulon Gas Association, Inc.

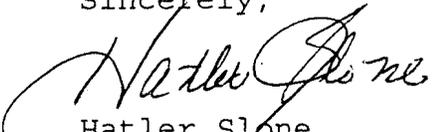
Enclosed please find a copy of a letter from Mr. Jeff Bolyard of Columbia Gas Transmission, concerning this negative balance. During a telephone conversation with Mr. Bolyard, he explained that we had not been invoiced for this gas due to an oversight by Columbia Gas. The invoices are a product of the Navigator System, which is a computer software used by Columbia Gas and some of the larger companies who purchase their gas. Since Zebulon Gas Association is such a small company, with a small gas usage, Mr. Bolyard says this imbalance was just overlooked. Due to this unfortunate oversight, the amount due Columbia Gas is somewhat in excess of \$100,000.00, which is impossible for us to pay, since we are a community-owned gas line.

Along with Mr. Bolyard's letter and imbalance sheet, I am enclosing copies of the two invoices I receive each month from Columbia Gas. These are the only invoices we receive, therefore, we did not realize we were not paying for the gas used.

We are to meet with Mr. Bolyard on April 10, at 7:00 p.m., here in Zebulon, to discuss this matter with the community or anyone who wishes to attend. You and anyone else are more than welcome to meet with us, as this outcome could be disastrous for our long-time consumers, as well as the evident shutdown of our company.

I would like to thank Mr. Smith for his efforts to help us in this matter. If you have any suggestions or opinions that may help us, please feel free to contact us. Thank you for your time and consideration.

Sincerely,



Hatler Slone

Hatler Slone  
Zebulon Gas Association, Inc

Enclosures

cc: Mr. Ralph Dennis

**COLUMBIA GAS**  
Transmission



meet with Mr. Jeff Bolyard  
\$100,000 Ser. Sta ~~Apr 11 - 5:00 PM~~  
Apr 10 - 7:00 PM

March 18, 1997

Mr. Hatler Slone  
Zebulon Gas Association, Inc.  
P.O. Box 610  
Pikeville, KY 41502

Dear Mr. Slone,

This letter is a follow up to our previous phone conversation regarding Zebulon's negative gas balance in their GTS storage account. As I mentioned earlier, Columbia Gas Transmission Corporation (TCO) is no longer in the gas sales business. The current contract that Zebulon has with TCO is under the GTS rate schedule. Every month TCO sends Zebulon a bill that represents the cost incurred for storing and transporting natural gas. The TCO bill does not represent the actual cost of the gas. Zebulon has been responsible for arranging gas purchases since November 1993.

You can see a positive gas imbalance of 6,564 Dth shown on the October 1993 line of the attached report: This number represents the one time gas supply that TCO put into your storage account and Zebulon subsequently paid for. It appears that Zebulon has not purchased any additional gas to fill up that storage account and has been withdrawing gas out of storage since then.

Our records show a cumulative storage imbalance of -51,303 as of the end of February 1997. This is gas that needs to be paid back. Under the conditions of your GTS contract and related gas tariff, you have 30 days to give back to TCO quantities of gas in excess of your current takes to make up the negative balance.

Due to the large negative balance compared to Zebulon's monthly takes, I am willing to work out a repayment schedule for the gas. I can also, at your request, supply you with company names and contacts who will be able to help you purchase gas supplies for the repayment of this gas, and for your monthly usages in the future.

Please give me a call to discuss your repayment plans or for any other questions that you may have. My telephone number is (614) 895-5784.

Since 1993

Sincerely,

Jeff Bolyard  
Account Manager

cc: N. Frazier (Charleston)

CUMULATIVE IMBALANCE AS OF FEBRUARY 1997

IBVM FLW YR	IBVM FLW MO	IBVM BUS YR	IBV BUS MO	SHIPPER	LAST SELLER	RCPT MLI NO	DVPT MLI NO	AGMT NO	ARNG SEQ NO	AGMT CPRS CD	RECEIPTS	RETAINAGE	NET RECEIPTS	DELIVERIES	IMBALANCE
1993	10	1993	10	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	6,564	0	6,564	0	6,564
									*		6,564	0	6,564	0	6,564
1993	11	1993	11	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,164	-1,164
1993		1993	11	ZEBULON GA	ZEBULON GA	STOW	82	37953	2	GTS	0	0	0	1	-1
									*		0	0	0	1,165	-1,165
1993	12	1993	12	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,566	-1,566
									*		0	0	0	1,566	-1,566
1994	01	1994	01	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,994	-1,994
									*		0	0	0	1,994	-1,994
1994	02	1994	02	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,431	-1,431
									*		0	0	0	1,431	-1,431
1994	03	1994	03	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,196	-1,196
									*		0	0	0	1,196	-1,196
1994	04	1994	04	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	330	-330
									*		0	0	0	330	-330
1994	05	1994	05	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	368	-368
									*		0	0	0	368	-368
1994	06	1994	06	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	110	-110
									*		0	0	0	110	-110
1994	07	1994	07	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	52	-52
									*		0	0	0	52	-52
1994	08	1994	08	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	25	-25
									*		0	0	0	25	-25
1994	09	1994	09	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	51	-51
									*		0	0	0	51	-51
1994	10	1994	10	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	47	-47

CUMULATIVE IMBALANCE AS OF FEBRUARY 1997

IBVM FLW YR	IBVM FLW MO	IBVM BUS YR	IBV BUS MO	SHIPPER	LAST SELLER	RCPT MLI NO	DVPT MLI NO	AGMT NO	ARNG SEQ NO	AGMT CPRS CD	RECEIPTS	RETAINAGE	NET RECEIPTS	DELIVERIES	IMBALANCE
										*	0	0	0	47	-47
1994	11	1994	11	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	433	-433
										*	0	0	0	433	-433
1994	12	1994	12	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	852	-852
										*	0	0	0	852	-852
1995	01	1995	01	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	1,435	-1,435
										*	0	0	0	1,435	-1,435
1995	02	1995	02	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	1,355	-1,355
										*	0	0	0	1,355	-1,355
1995	03	1995	03	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	1,115	-1,115
										*	0	0	0	1,115	-1,115
1995	04	1995	04	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	789	-789
										*	0	0	0	789	-789
1995	05	1995	05	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	337	-337
										*	0	0	0	337	-337
1995	06	1995	06	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	1,077	-1,077
										*	0	0	0	1,077	-1,077
1995	07	1995	07	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	2,203	-2,203
										*	0	0	0	2,203	-2,203
1995	08	1995	08	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	1,120	-1,120
										*	0	0	0	1,120	-1,120
1995	09	1995	09	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	974	-974
										*	0	0	0	974	-974
1995	10	1995	10	ZEBULON GA	DELIVERY A STOW		82	37953	1	GTS	0	0	0	1,983	-1,983
										*	0	0	0	1,983	-1,983

CUMULATIVE IMBALANCE AS OF FEBRUARY 1997

IBVM FLW YR	IBVM FLW MO	IBVM BUS YR	IBV BUS MO	SHIPPER	LAST SELLER	RCPT MLI NO	DVPT MLI NO	AGMT NO	ARNG SEQ NO	AGMT CPRS CD	RECEIPTS	RETAINAGE	NET RECEIPTS	DELIVERIES	IMBALANCE
1995	11	1995	11	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	3,183	-3,183
										*	0	0	0	3,183	-3,183
1995	12	1995	12	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	3,734	-3,734
										*	0	0	0	3,734	-3,734
1996	01	1996	01	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	3,560	-3,560
										*	0	0	0	3,560	-3,560
1996	02	1996	02	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	3,570	-3,570
										*	0	0	0	3,570	-3,570
1996	03	1996	03	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	3,144	-3,144
										*	0	0	0	3,144	-3,144
1996	04	1996	04	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	2,745	-2,745
										*	0	0	0	2,745	-2,745
1996	05	1996	05	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	2,509	-2,509
										*	0	0	0	2,509	-2,509
1996	06	1996	06	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	2,145	-2,145
										*	0	0	0	2,145	-2,145
1996	07	1996	07	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,739	-1,739
										*	0	0	0	1,739	-1,739
1996	08	1996	08	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	497	-497
										*	0	0	0	497	-497
1996	09	1996	09	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	507	-507
										*	0	0	0	507	-507
1996	10	1996	10	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	620	-620
										*	0	0	0	620	-620
1996	11	1996	11	ZEBULON	GA DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,510	-1,510

CUMULATIVE IMBALANCE AS OF FEBRUARY 1997

IBVM FLW YR	IBVM FLW MO	IBVM BUS YR	IBV BUS MO	SHIPPER	LAST SELLER	RCPT MLI NO	DVPT MLI NO	AGMT NO	ARNG SEQ NO	AGMT CPRS CD	RECEIPTS	RETAINAGE	NET RECEIPTS	DELIVERIES	IMBALANCE
										*	0	0	0	1,510	-1,510
1996	12	1996	12	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	2,003	-2,003
										*	0	0	0	2,003	-2,003
1997	01	1997	01	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	2,879	-2,879
										*	0	0	0	2,879	-2,879
1997	02	1997	02	ZEBULON GA	DELIVERY A	STOW	82	37953	1	GTS	0	0	0	1,514	-1,514
										*	0	0	0	1,514	-1,514
											=====	=====	=====	=====	=====
											6,564	0	6,564	57,867	-51,303

COLUMBIA GAS TRANSMISSION CORPORATION

02/09/1997  
GAS SERVICE INVOICE  
FOR  
JANUARY 1997

PAGE 1

ZEBULON GAS ASSOCIATION, INC.  
P O BOX 610  
PIKEVILLE, KY. 41502

NET AMOUNT PAYABLE  
ON OR BEFORE 02/20/1997

CUSTOMER NUMBER/LOCATION  
001

INVOICE NUMBER  
TR-0197-00108-51

5917 \*\*\*\*\* COLUMBIA GAS TRANSMISSION TRANSPORTATION CHARGE(S) \*\*\*\*\*

PREVIOUS BALANCE \$1,846.14  
TOTAL PAYMENTS RECEIVED IN 1997-01 \$1,846.14  
BALANCE OF 02/01/1997 \$ .00

\*\*\*\*\* JANUARY 1997 CURRENT MONTH VOLUME(S) \*\*\*\*\*

CONTRACT 37953	RATE SCHEDULE GTS				
LAST SELLER	RECEIPT POINT	DELIVERY POINT	DTH VOLUME	RATE	AMOUNT
008301 DELIVERY ALL STOW	STOR WITH	82 ZEBULON GA	2,879	.9170	\$2,640.04
		CONTRACT 37953 TOTAL	2,879		\$2,640.04
		REFUND EXCESS DEFERRED			\$2.65-
TOTAL DUE	CURRENT MONTH		2,879		\$2,637.39

REMIT TO:  
COLUMBIA GAS TRANSMISSION  
P O BOX 641475  
PITTSBURGH, PA. 15264-1475

REMIT BY ELECTRONIC TRANSFER TO:  
COLUMBIA GAS TRANSMISSION  
ACCOUNT NO. 1001742895  
PNC BANK, N.A.  
PITTSBURGH, PA 15264-1475  
ABA #043000096

GRAND TOTAL DUE COLUMBIA GAS TRANSMISSION 2,879 \$2,637.39

CAPACITY RELEASE/CONTRACT/BILLING QUESTIONS: DONNA H. MOYERS (304) 357-2778

VOLUME MANAGEMENT REPRESENTATIVE - VOLUMES: NANCY L FRAZIER (304) 357-2376

*pd [signature] 2/29  
2-18-97*

**COLUMBIA GULF**

Transmission



STATEMENT OF ACCOUNT  
FROM COLUMBIA GULF TRANSMISSION COMPANY  
P. O. BOX 1273  
CHARLESTON, WEST VIRGINIA 25325

ZEBULON GAS ASSOCIATION INC.  
P O BOX 610  
PIKEVILLE KY 41502

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STATEMENT DATE 03/05/97  
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DUE DATE	INVOICE NUMBER	TRANSACTION AMOUNT	TOTALS
022097	TR01970010814 1	222.97	
ACCOUNT TOTAL FOR CGTRN [REDACTED]			222.97

0-30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	OVER 120 DAYS
222.97				

\* - INVOICE(S) MARKED WITH AN \* ARE CURRENTLY IN DISPUTE.

REMIT PAYMENT TO:

COLUMBIA GULF TRANSMISSION COMPANY  
P.O. BOX 640706  
PITTSBURGH, PA 15230

QUESTIONS REGARDING THIS STATEMENT - CONTACT: DIANE S. CAREY (304)357-3014

*pd  
3-21-97  
ck no. 2137*