

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC.)
FOR AN ORDER ISSUING A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) CASE NO. 97-443
A NATURAL GAS PIPELINE FROM GEORGETOWN,)
KENTUCKY TO FRANKFORT, KENTUCKY)

O R D E R

On November 7, 1997, Columbia Gas of Kentucky, Inc. ("Columbia") filed with the Commission its application for a certificate of convenience and necessity to construct a 12-inch steel pipeline from Georgetown, Kentucky, to Frankfort, Kentucky. The natural gas transmission pipeline will run parallel and to the south of U.S. 460. Construction of the proposed pipeline is to upgrade Columbia's existing distribution system serving the Central Kentucky area.

Information presented by Columbia in response to staff questions and in an informal conference on April 1, 1998, indicates that the proposed 12-inch pipeline, based upon the incremental and cumulative cost/capacity ratios, growth factors and total cost study, is in the public interest and that it allows for an estimated 20 years growth of service to customers. There is also evidence that the construction of this line will remove a bottleneck in Columbia's system that will not only allow increased capacity, but will also result in significant savings in gas service curtailment costs.

The estimated cost of construction of the pipeline and related facilities is approximately \$5,400,000. Columbia intends to finance the construction through operating

funds. To the extent any additional financing is necessary, Columbia will use a combination of equity, short-term and long-term debt financing as established through arrangements with Columbia's parent corporation, The Columbia Gas System, Inc. Any approval necessary for the issuance of such securities from this Commission is not a part of the application herein.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Columbia should be granted a certificate to construct the proposed pipeline and related facilities to provide adequate supply of gas to the Central Kentucky area.

2. Columbia should file a copy of the construction schedule for the proposed pipeline and related facilities with the Commission at least 2 weeks prior to commencement of construction.

3. Columbia should file with the Commission "as built" drawings and the final costs of the project within 90 days of the completion of the construction.

IT IS THEREFORE ORDERED that:

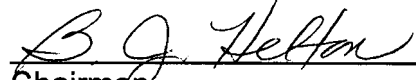
1. Columbia is granted a certificate of public convenience and necessity to construct the pipeline and the related facilities to provide adequate gas supply to the Central Kentucky area as described in its application.

2. Columbia shall comply with findings 2 and 3 above as if the same were individually ordered.

3. Columbia is authorized to construct the proposed pipeline at an estimated cost of \$5,400,000.

Done at Frankfort, Kentucky, this 24th day of April, 1998.

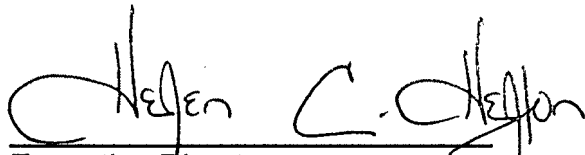
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director