

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF APACHE GAS	)	
TRANSMISSION COMPANY, INC. AND	)	CASE NO.
AN INVESTIGATION OF THE STATUS OF	)	2000-483
THE FT. KNOX LINE	)	

O R D E R

On October 10, 2000, Apache Gas Transmission Company, Inc. ("Apache Gas") filed a request for an increase in its transportation tariff for transportation of natural gas for Burkesville Gas Company, Inc. ("Burkesville Gas").

Apache Gas transports natural gas from a tap on the Texas Eastern transmission line through a pipeline to the city gate of Burkesville Gas. This pipeline is proximately 21 miles in length and is also known as the Kentucky Energy/Ft. Knox Line. The reason for this nomenclature is that a five-mile portion of the pipeline used by Apache Gas for transportation was a part of a former gathering line, which was referred to as the Ft. Knox line in Case No. 90-290.<sup>1</sup> In an Order, dated October 28, 1992 in Case No. 90-290, the Commission required Burkesville Gas to establish an escrow account in which 5 cents per Mcf was to be deposited as compensation for the use of the Ft. Knox line until its ownership is determined. These escrowed funds are to come from the

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<sup>1</sup> Investigation to Determine Whether an Adequate Means for Delivery of Gas Is Available to Burkesville Gas Company, Inc., Case No. 90-290.

operating revenues of Burkesville Gas.<sup>2</sup> The tariff as filed by Apache Gas contains a rate request for \$1.74 per Mcf for transportation and an additional 5 cents per Mcf being placed in escrow for compensation for the eventual owner of the Ft. Knox line. However, the Order that Apache Gas cites as authority for collection does not enable Apache Gas to collect the additional 5 cents. That Order directs that Burkesville Gas establish the escrow account to deposit 5 cents per Mcf, from its revenues, as reasonable compensation for use of the pipeline until such time as ownership of the line is determined.

In its application, Apache Gas proposed an increase in rates to recover the costs for three planned projects. One project will extend the main, the second project will upgrade the high-pressure station, and the third project will clear the line. Apache Gas provided estimates for the projects and a worksheet computing the revenues and expenses for 1999 under the existing rate of \$1.05 per Mcf and for a 12-month period under the proposed rate of \$1.79 per Mcf. Apache's proposed rates are designed to produce total revenues of \$85,920. Excluding the 5 cent fee that Burkesville was ordered to escrow produces revenues of \$83,520.

The inclusion of the 5 cents in the tariff proposed by Apache, and the apparent continuing use of the Ft. Knox line since 1992, without ownership being determined, has brought to the attention of the Commission the need to examine the status of the Ft. Knox line. The Commission will also examine the continued need for the escrow fund and for an accounting of the 5 cents that has been placed in escrow since 1992.

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<sup>2</sup> Case No. 90-290, Order dated October 31, 1991, page 6 and Order dated October 28, 1992, page 4.

The Commission finds that:

1. There is no authority or requirement that Apache Gas collect 5 cents as part of its transportation tariff for Burkesville Gas.

2. Pursuant to KRS 278.190, further proceedings are necessary in order to determine the status of the Ft. Knox line and the need for, and the use of, the escrowed funds.

3. Burkesville Gas is a necessary party to his case.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Apache Gas are denied.

2. The fair, just, and reasonable transportation tariff for transportation of natural gas for Burkesville Gas is \$1.74 on and after the date of this Order.

3. Within 30 days of the date of this Order, Apache Gas shall file with this Commission its revised tariffs setting out the rates authorized herein.

4. Burkesville Gas is made a party to this case.

5. The Commission establishes within this case an investigation of the status of the Ft. Knox line and the escrow account as established in Case No. 90-290.

6. Apache Gas shall file, within 30 days from the date of this Order, a comprehensive report detailing the status of the "Ft. Knox" portion of its transmission line, to include a full description of pipe and its capacity. Apache Gas is also to include any determination that has been made as to the ownership of the Ft. Knox line.

7. Burkesville Gas shall file, within 30 days from the date of this Order, a detailed report concerning the legal status of any agreements for the use of the Ft. Knox line and the need or necessity of retaining the escrow account.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of November, 2000.

By the Commission

ATTEST:

Deputy W. H. Fowler  
Executive Director