

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 20th
day of July, 1993.

In the matter of the application of Arkansas)
Western Gas Company, d/b/a Associated Natural)
Gas Company, for a certificate of convenience)
and necessity authorizing it to construct,) Case No. GA-93-191
install, own, operate, control, manage and)
maintain a certain natural gas pipeline and)
provide natural gas service in an area in)
Ripley County, Missouri.)

ORDER GRANTING A CERTIFICATE OF CONVENIENCE AND NECESSITY

On December 14, 1992, Arkansas Western Gas Company, d/b/a Associated Natural Gas Company (ANG), filed an Application with the Commission for a certificate of convenience and necessity to construct an extension from its existing transmission facility for a distance of approximately 28,600 feet, the purpose of which is to provide natural gas service for Lignetics, a manufacturing plant currently under construction northeast of Doniphan, Missouri. In its Application, ANG stated that, because of the location of the manufacturing plant, it will also have the opportunity to provide gas service along the proposed route to approximately 100 residents who do not currently have natural gas service.

On December 29, 1992, the Commission issued an Order and Notice allowing interested parties to request intervention in this case and providing for notice of the Application by publication in compliance with the rules of the Commission. Letters were received and filed pro se by various landowners requesting intervention specifically for the purpose of protesting the proposed placement of the pipeline across their respective properties. In lieu of granting intervention and ordering a formal proceeding, ANG requested, and was allowed, time to contact the landowners in an attempt to alleviate their concerns. As a result, on February 16, 1993, documents were filed with the

Commission by ANG containing signed agreements between each prospective intervening property owner and ANG whereby ANG agreed to use the existing state highway right-of-way for placement of the proposed pipeline rather than private land.

On July 15, 1993, the Staff of the Commission filed its recommendation in this matter. In its recommendation, the Staff states that it believes that the volumes originally proposed in the Application of ANG may be exceeded to a significant degree by Lignetics, the proposed service customer. While the Staff recommends approval of the Application, it states the following:

" . . . the feasibility of this project hinges on Associated's estimates of installation costs and usage levels accurately reflecting the installation costs and usage levels that will be actually experienced. Therefore, the Staff would like to serve notice to all parties to this case that the costs and revenues associated with this project will be closely reviewed to determine if any part of the costs exceed the three year marginal revenue contribution - a standard test to determine project feasibility. In the event revenues do not exceed costs, Staff reserves the right to make an appropriate adjustment in a suitable forum."

In addition to the above, the Staff requested the Commission to order ANG to submit to the Staff the actual itemized cost data relating to the construction of the proposed extension. Per standard policy, the Staff also recommended that the Commission reserve ratemaking treatment in regard to this matter.

The Commission finds that as a result of the above negotiation process and subsequent agreements with the various landowners, the granting of interventions and holding of a formal hearing is not necessary in this matter.

After review of the Application, all attachments, and the Staff's recommendation, the Commission finds that the proposed extension is in the best interest of the public and will be approved. It is the opinion of the Commission that the proposed extension is beneficial in that it is designed to provide

service to a manufacturing plant, resulting in the economic development of the area. In addition, natural gas service will be made available to approximately 100 customers. It has long been the Commission's policy to encourage service to areas where the service can be provided in an efficient and economical fashion. This is apparently the case here. In addition, the Commission makes no finding as to the prudence of the proposed extension, per the Staff's recommendation, and reserves all ratemaking treatment in regard to this proposal. Finally, the Commission will order ANG to submit to the Staff, per request, all cost data in regard to the proposal, in properly itemized fashion.

IT IS THEREFORE ORDERED:

1. That Associated Natural Gas Company is hereby granted a certificate of convenience and necessity to construct, install, own, operate, control, manage, and maintain a natural gas pipeline and to provide natural gas service in the Ripley County, Missouri area as set out in Associated Natural Gas Company's Application as filed in this case.

2. That Associated Natural Gas Company is hereby ordered to file all necessary and appropriate tariffs, including, but not limited to, a proper metes and bounds description of the proposed service area within 30 days of the effective date of this order.

3. That Associated Natural Gas Company is hereby ordered to submit to the Staff of the Public Service Commission the actual cost data for the construction project, itemized in the appropriate fashion.

4. That the Commission makes no finding as to the treatment to be afforded this project for ratemaking purposes and reserves the right to consider the ratemaking treatment to be afforded this project in any later proceeding.

5. That Associated Natural Gas Company is hereby authorized to do all things, perform all acts and execute all documents not contrary to law in furtherance of this project.

6. That Associated Natural Gas Company will provide an appropriate and accurate pictorial or metes and bounds description of the exact location of the pipeline.

7. That this order shall become effective on July 30, 1993.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,
and Crumpton, CC., Concur.
Kincheloe, C., Absent.