

**BAKER DONELSON**  
BEARMAN, CALDWELL & BERKOWITZ, PC

BAKER DONELSON CENTER, SUITE 800  
211 COMMERCE STREET  
NASHVILLE, TENNESSEE 37201

MAILING ADDRESS:  
P.O. BOX 190613  
NASHVILLE, TENNESSEE 37219

PHONE: 615.726.5600  
FAX: 615.726.0464

www.bakerdonelson.com

KLINTON WEST ALEXANDER, OF COUNSEL  
Direct Dial: 615.726.5698  
Direct Fax: 615.744.5698  
E-Mail Address: kalexander@bakerdonelson.com

February 24, 2014

**VIA EMAIL & OVERNIGHT MAIL**

Linda Faulkner  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

**RECEIVED**

**FEB 25 2014**

PUBLIC SERVICE  
COMMISSION

**Re: *Application of Navitas KY NG, LLC/Certificate of Public Convenience and Necessity for Its Pipeline Construction Work Plan in Clinton County, Kentucky***

Dear Linda:

Enclosed please find a Response to the Kentucky Public Service Commission's letter dated February 10, 2014 regarding the Application of Navitas KY NG, LLC for a Certificate of Public Convenience and Necessity for Its Pipeline Construction Work Plan in Clinton County, Kentucky. Once the information below is ready, Navitas will submit an Amended Application to include the following information:

**807 KAR 5:001**

- (B) Copies of Franchises or permits, if any, from the proper public authority for the proposed new construction or extension, if not previously filed with the commission

**The Franchise Agreements for Clinton County, KY and Albany, KY and the February 11, 2011 Order approving the transfer of control of the gas pipeline system from Gasco Distribution Co. to Navitas, in which the franchise agreement were affixed to the Joint Application as Exhibit C, are attached hereto.**

NKWA 1277495 v1  
0-0 02/24/2014

**Navitas and Bell Engineering are in the process of obtaining a permit with the Kentucky Department of Transportation (KYDOT). Navitas is not aware of any other permits required for this project.**

- (C) A full description of the proposed location, route, or routes of the new Construction or extension, including description of the manner in which same will be Constructed and also the names of all public utilities, corporations, or persons with whom the proposed new construction or extension is likely to compete

**Navitas is preparing a full description of the proposed location, route and manner in which the new construction will occur. The proposed natural gas line does not compete with other natural gas suppliers. Theoretically, it could have a very small impact on the electric utility but this would be *de minimis*. It will likely compete with some private propane suppliers.**

- (D) Two (2) copies (one (1) electronic and one (1) paper format) of maps to suitable scale showing the Location or route of the proposed new construction or extension, as well as the location to scale of like facilities owned by others located anywhere within the map area with adequate identification as the ownership of the other facilities.

**A more detailed route map is being produced. No like (competitor) facilities are in the area (excluding electrical).**

#### **KRS 322.340**

Engineering plans, specifications, plats and report for the proposed construction  
The engineering documents prepared by a registered engineer, must be signed, sealed and dated by an engineer in Kentucky.

**Full plans and specifications regarding the proposed construction (signed, sealed and dated by an engineer) will be available in March 2014.**

Please let me know if you need any additional information from Navitas at this time.

Sincerely yours,



Klint W. Alexander

cc: Thomas Hartline

AT 10:30 AM

JUN 20 1996

CLINTON COUNTY FISCAL COURT  
CLINTON COUNTY KENTUCKY  
COUNTY ORDINANCE 1996-GAS-I

CLINTON COUNTY  
SHELBOURNE  
County Clerk

AN ENABLING ORDINANCE RELATING TO PROVIDING FOR THE GRANTING OF NONEXCLUSIVE FRANCHISE/S THROUGH ONE OR MORE GRANTING ORDINANCES FOR THE CONSTRUCTION, MAINTENANCE AND OPERATION OF A NATURAL GAS SYSTEM; TO ENABLE THE FRANCHISEE/S TO FURNISH AND SELL NATURAL GAS BY MEANS OF SAID FACILITIES; AUTHORIZING ADVERTISEMENT FOR BIDS AND AWARDING OF FRANCHISE/S IN CLINTON COUNTY, KENTUCKY

WHEREAS, the COUNTY OF CLINTON, COMMONWEALTH OF KENTUCKY is authorized by Sections 163 and 164 of the Constitution of the Commonwealth of Kentucky to establish one or more Nonexclusive Franchises within Clinton County, Kentucky and for the purpose of the franchisee/s constructing, maintaining and operating a natural gas system and selling natural gas within the Clinton County, Kentucky for the use and enjoyment of its citizens; and,

WHEREAS, Clinton County, Kentucky acting by and through Clinton County Fiscal Court, while not usurping the powers of the Public Service Commission of the Commonwealth of Kentucky to regulate such activities pursuant to KRS Chapter 278, et seq., desires to establish certain guidelines for the operation of a natural gas system for the use and enjoyment of the citizens of Clinton County as well as granting authorization for bids for one or more Nonexclusive Franchises for same and providing for the enactment of one or more granting ordinances, pursuant to the conditions contained herein.

NOW, THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF COUNTY OF CLINTON COUNTY, COMMONWEALTH OF KENTUCKY, THAT,

CREATION OF FRANCHISE:

SECTION 1. That there is hereby created a Nonexclusive franchise (whether one or more) for installing, laying and maintaining gas lines and other necessary apparatus for the transmission, distribution and sale of natural gas together with all appurtenant facilities and equipment in, along, under and across the public roads, public ways, county roads and other public

*Reviewed*  
6-24-96

places in Clinton County, Kentucky; for constructing the necessary conduits and manholes for the installation of said lines, facilities and equipment; for selling natural gas by means of said facilities, and allowing natural gas to be conveyed through Clinton County, Kentucky to any portion of Clinton County and to any other city, town or county via Clinton County. No person, firm, corporation or other entity shall conduct any of the herein described activities with regard to the distribution and sale of natural gas or the installation and construction of lines for same in Clinton County, Kentucky, unless they have first obtained a franchise from Clinton County, Kentucky Fiscal Court.

DEFINITIONS:

SECTION 2. The person, firm or corporation which shall become the purchaser and franchisee of this franchise, or any successor or assignee thereof, shall for brevity hereinafter be spoken of as the "Company" herein, and the public roads, public ways, county roads and other public places of Clinton County, Kentucky shall for brevity hereinafter be spoken of as the "road/s." For purposes of this ordinance, and the anticipated franchise, "road/s" shall include any right-of-way for County Roads which have been acquired by Clinton County, Kentucky, by deed or easement, and in the case of Public Roads for which there is no deed or easement to Clinton County, Kentucky, the County makes no representation or warranty to Company as to the width of said roads or rights-of-way, and further, Clinton County does not obligate itself to file or initiate any court actions, declaratory, or otherwise in order to

determine the ownership or width of any such roads or rights-of-way. Furthermore, Clinton County, Kentucky may also be referred to as "County."

FRANCHISE TERRITORY, ROADS, EASEMENTS AND GAS SUPPLY:

SECTION 3.

(a) The Company awarded a franchise, its legal representatives, successors and assigns, subject to the conditions hereinafter contained, are hereby authorized and empowered to acquire, purchase, construct, maintain, and operate in and through this County, a system for the generation, distribution and transmission of natural gas from points either within or without the physical boundaries of Clinton County, Kentucky and the inhabitants thereof, and from and through this county to persons, corporations, and municipalities beyond the limits thereof, and for the sale of same for light, heat, power and other lawful purposes; to erect and maintain gas mains, lines and other apparatus necessary or convenient for the operation of said system in, upon, across and along each and all of the public roads, public ways, county roads and other public places within the present and future boundaries of Clinton County, Kentucky; to use any and all such public roads, public ways, county roads and other public places while constructing or operating said natural gas system or works; and to cross any and all public roads and public streams in this county for the purpose of constructing, maintaining or extending such pipes, and other apparatus as may be necessary or convenient.

for the proper distribution of natural gas in and through this County.

(b) If after any pipe or other apparatus has once been erected Clinton County, Kentucky acting by and through Clinton County Fiscal Court shall order the removal of said gas mains, pipes or apparatus to another location, the County shall pay the costs of making such relocation including cost of relocating the line, etc., as well as any necessary road repairs. However, in the event the relocation is due to widening, regrading or reconstruction of the street or highway, the Company will relocate the line at its expense and the County will be responsible for roadway repairs only. The County shall give Company (30) days written notice of any such plan to relocate gas mains, pipes or other apparatus. The Company will cooperate with the County in any such relocation projects.

(c) The Company shall also have the right to use said roads and rights-of-way with its service and maintenance vehicles and equipment in furtherance of this franchise.

(d) Before beginning the construction of any line or pipes, mains or appurtenances under this franchise, the Company shall file with the County, a copy of all applications for construction permits which documents are required to be filed with the Public Service Commission and/or other regulatory body, Clinton County hereby reserving the right to intervene for all lawful purposes in any such construction permit application process

SHALL / PLANNING, INC. . . . .

with the Public Service Commission or other regulatory body. Said copy or copies of construction filings to be furnished to the County by Company at the time same are filed with the Public Service Commission or other regulatory body.

(e) In the construction, reconstruction, maintenance or removal of Company's equipment, lines, etc., Company shall have due regard for the rights of the County, and for others, private individuals, etc., and shall avoid interference with or injury to the property of County or others, private individuals, etc., Said Company shall comply with all the laws of the Commonwealth of Kentucky as to placing lights, danger signals, barricades or warning signs. Further, Company shall conduct its work in a workmanlike manner so as not to unnecessarily interfere with public use of any road and in all such work shall be in accordance with the latest industry standards including Code of Federal Regulations, 49 CFR Part 192, and applicable local, state and federal regulatory agency regulations.

(f) After any work under the franchise is completed, Clinton County shall have the right to request the Public Service Commission and/or other regulatory body to examine said work to determine that is same has been done in accordance with the approved plans and specifications. If same is not in accordance, the Company shall at its own expense make such changes as will cause the work to conform to the plans and specifications approved by the Public Service Commission.

(g) Company shall perform all work in a workmanlike manner and so as not to unnecessarily interfere with the public use of any roads or streams. Wherever the surface of any road is opened or right-of-way is disturbed, it must be restored to as good a condition as it was prior to the opening or disturbance thereof. When possible, road bores are to be conducted by Company when crossing any bituminous or concrete road surfaces so as to minimize damage and repair work, further, the Company shall notify the County Road Supervisor or County Judge/Executive, any time that any excavation work is to be done on any road, and prior to undertaking any such work. When the bituminous or concrete surface of a road must be disturbed, the Company, upon completion of the line installation or other work, will pour a concrete base over the line in order to provide a proper base for resurfacing same.

(h) When an emergency arises which requires immediate repair, the Company may disturb or excavate a road without first obtaining written permission from the County; provided however, that the County is notified in writing of said disturbance or excavation within five (5) days of the start of said disturbance, repair or excavation. This notification shall include at least the time, date and location as well as the extent of excavation or other work performed. Road or right-of-way repairs which may be necessary as a result of natural causes or natural deterioration shall be repaired by County and at its expense, however, any such repairs required due to gas line construction or repairs shall be done, as soon as practicable and at the sole expense of Company.



(i) In the event the Company shall have need to contract with private landowners for the acquisition of property, easements and other rights necessary or convenient for the installation of and expansion of said system, said acquisition shall be a private matter between the landowner and the Company and will be at the sole expense of the Company.

(j) The bids for said franchise shall set forth the bidder's proposal as to the source of natural gas to be furnished Clinton County, Kentucky and verification that bidder has or will guarantee availability of a dependable, reliable and safe supply of natural gas for said system to be used and consumed in Clinton County, Kentucky during the term of said franchise. Further, that the use of any local gas wells by the Company as a supply of gas shall be done strictly in accordance with Public Service Commission criteria.

(k) Bids offered for purchase of this franchise shall state the bidder's acceptance of the conditions set forth in this Enabling Ordinance as well as the subsequent Granting Ordinance.

(l) All bidders must submit with its bid, verification that it has authority from the Public Service Commission to submit said bid.

**INDEMNIFICATION AND HOLD HARMLESS:**

SECTION 4. The Company shall indemnify, save and hold harmless Clinton County, Kentucky from any and all damages, judgments, decrees, costs and expenses which the County may legally

suffer or incur or which may be legally obtained against the County for or by reason of the use and occupation of any roads by the Company or from any operations of Company under the franchise pursuant to the terms of this franchise or legally resulting from the exercise by the Company of any of the privileges herein granted; and if any claim shall be made or suit brought against the County for damages alleged to have been sustained by reason of the occupation of any road or the exercise of any privileges herein granted, by the Company, the County shall immediately notify the Company in writing thereof and the Company shall defend the County at the cost of the Company and, in the event of final judgment being obtained against the County either independently or jointly with the Company, the Company shall pay such judgment with all costs and hold the County harmless therefrom.

LIABILITY INSURANCE;

SECTION 5. At all times during the term of the franchise the Company will at its own expense maintain in force general comprehensive liability insurance with an insurance company and the policy approved by Clinton County. The coverage represented by such policy shall be for the protection of the County, its elected officials, agents, members of boards or commissions, and employees against liability for loss or damages for bodily injury, death, and property damage by the activities of the Company acting under the franchise, as well as for the protection of the public. Minimum liability limits under the policy are to be FIVE MILLION

(§5,000,000.00) DOLLARS, for personal injury or death, and TWO MILLION (\$2,000,000.00) DOLLARS for damage to property resulting from any one occurrence. Additional public agencies and their personnel shall be added as insureds, subject to the same terms and conditions, at the request of Clinton County.

COMPANY SERVICES:

SECTION 6. The Company may furnish natural gas for light, heat, power or any other lawful purpose to any person or persons, company or entity residing along or near the aforesaid roads, and may make such lawful contracts for the use thereof as may be agreed upon between the Company and such person or persons, company or entity.

FURNISHING OF SERVICES:

SECTION 7. The Company shall extend its natural gas mains, pipes and equipment and install additional equipment whenever it is assured of deriving additional business therefrom and receive a reasonable return upon the investment required to install such extension, all subject to Public Service Commission approval.

COMPANY RULES AND REGULATIONS:

SECTION 8. The Company shall have the right to make and enforce reasonable policies and procedures necessary for the proper conduct of its business and protection of its property, subject to all applicable local, state and federal laws and regulations.

RATES:

SECTION 9. The Company shall have the right to charge

reasonable rates for natural gas supplied within the County and rates that are subject to regulation by the Public Service Commission of Kentucky, or any other appropriate local, state and/or federal agency. Furthermore, at least 30 days prior to the initiation of any rate increase proceeding with the Public Service Commission or other regulatory authority with the power to govern the reasonableness of rates, the Company shall notify Clinton County Fiscal Court, in writing, with regard to such request for increased rates. Clinton County shall have the express right to intervene in such proceedings with the Public Service Commission or other regulatory body and may protest such increase.

FRANCHISE TERM:

SECTION 10. This franchise and all rights and privileges granted hereunder shall be in full force and effect for a period of twenty (20) years from and after the date when this franchise is granted to the Company, subject of course to the Company's compliance with the provisions of this franchise.

FORFEITURE OF FRANCHISE RIGHTS:

SECTION 11. The franchise may be forfeited, at the option of Clinton County, upon failure or refusal by Company to honor the terms and conditions set forth herein. Forfeiture may be exercised by written notice to Company of the Company's failure to honor the terms and conditions hereof, followed by Company's refusal to eliminate or correct such failure or violation within sixty (60) days. Prior to forfeiture of the franchise and all rights, and

privileges appertaining thereto, the Company shall have the right to petition Clinton County, Kentucky, in writing, for a public hearing with regard to said forfeiture. Said public hearing shall be granted within thirty (30) days after receipt of said written petition. At such hearing, the Company shall have the right to appear and be heard, the right to have legal counsel present, the right to present evidence, the right to subpoena witnesses to testify on its behalf and the right to have said proceeding recorded. The recording of said proceeding will be public record which can be used for evidentiary purposes and any lawful agency or legal proceeding. Subsequent to the conclusion of said hearing, and within 10 days, Clinton County, Kentucky, shall render a written Order, Findings of Fact and Conclusions of Law as to its decision regarding forfeiture.

**SALE OF SYSTEM:**

SECTION 12. In the event the Company desires to sell all or any portion of the system that it establishes for the distribution of natural gas under this franchise, the County shall be given at least thirty (30) days prior, written notice of any such proposed sale and the County specifically reserves the right to intervene in any Public Service Commission proceeding regarding any such sale in order to insure that the prospective purchaser can comply with all terms and provisions pertaining to this franchise.

**COMPLIANCE:**

SECTION 13. The Company shall comply with all applicable

local ordinances as well as local, state and federal laws and regulations in constructing and operating the natural gas system herein, including but not limited to, compliance with the rules, regulations and safety standards of the Public Service Commission of the Commonwealth of Kentucky or any other appropriate local, state and/or federal agency.

**COUNTY CHARGES:**

SECTION 14. In the event that the County should enact a utility tax, user fee or similar charge to be levied upon gas purchasers (consumers) during the term of this franchise, the Company shall add said charge to its monthly bills, collect same for the County and deliver the collections, monthly to the County, all at no cost to the County. Nothing herein shall exempt the Company from the payment of general or special ad valorem property taxes, real or personal, now or hereafter levied by state or local government or taxing districts thereof.

**TRANSFER OF FRANCHISE-RESTRICTIONS:**

SECTION 15. This franchise may be transferred or assigned by the company only with the consent and approval of the Public Service Commission. The County specifically reserves the right of intervention or to initiate any Public Service Commission proceedings regarding a sale. It is further understood that the word "Company" whenever it appears herein shall include and apply to all the successors and/or assigns of the Company.

**FRANCHISE FEE:**

SECTION 16. Clinton County, Kentucky shall receive from the

Company as consideration for the granting of this franchise and the continuing enjoyment thereof, an annual franchise fee, said fee to be a percentage of all gross receipts, based on gross gas consumption revenues received by the company. Such fee shall be equal to a minimum of (3% for the first two years of the franchise, 4% for the next two years and 5% thereafter) of the Company's gross revenues derived from the sale of natural gas to residential and commercial customers located within Clinton County, Kentucky and shall be paid quarterly, and the payment thereof shall be due on or before the end of each period of thirty (30) days succeeding the close of each quarter of a calendar year during which the franchise is in effect. The only exception to the payment of said fee will be in the event the Company shall also hold a franchise for natural gas with an incorporated city within Clinton County, and in that event, no fee shall be charged as it pertains to customers located within the city limits of said incorporated city which may exist at the time of the granting of this franchise. Payments shall be accompanied by a statement duly verified before a Notary Public reflecting the total gross receipts received by company during the preceding calendar quarter. Company shall at all times keep and maintain a full, true and correct accounting of all the gross receipts and income arising out of operations under the franchise, and books of accounts and all other records shall at all reasonable times be open to inspection and examination within the County by Clinton County Fiscal Court and/or its representatives. Clinton County does hereby reserve the right to audit, at County expense,

and recompute any and all amounts paid hereunder, and no acceptance of any payment shall be construed as a release or as an accord and satisfaction or waiver of any claim the County may have for further or additional sums payable under the franchise. Additionally, Company will furnish County with a copy of annual audit report required by Public Service Commission. Further, the amount of the proposed annual franchise fee to be paid Clinton County will be included in the bid submitted by bidders.

CONSTRUCTION:

SECTION 17.

(a) The company shall start construction of a natural gas system within ninety (90) days from the date of the granting of the Certificate of Convenience and Necessity For Construction by the Public Service Commission, and the company shall make reports upon its progress in constructing the natural gas system to the County, every ninety days until the system is in operation, operation being that natural gas is supplied to customers within the County, said reports being for the purpose of informing the County that the Company is making reasonable progress toward the implementation of the system and for Clinton County, Kentucky, acting by and through Clinton County Fiscal Court to determine whether the franchise should be revoked by reason of the failure of the Company to make reasonable progress toward implementation of the systems, all at the discretion of the County.

(b) Reasonable progress toward implementation of the system



shall include, but not be limited to the actual construction and laying of gas lines and mains.

(c) Company shall within ten days from the acceptance of its bid by the County, deposit with the County a Fifty Thousand (\$50,000.00) Dollar performance deposit or insurance bond (with County named as Payee) and if cash, to be held in escrow by the County pending a showing of reasonable progress toward implementation of the system. Upon a showing of such progress, the County may refund said deposit or release Company from this obligation at any time following the expiration of ninety (90) days from the franchise acceptance, but not later than 180 days from said date. On the failure of company to show reasonable progress towards implementation of the system within 180 days from the franchise date, the rights and authority herein granted shall cease, and the security deposited with the County shall be forfeited to County without action by the County and without further notice to Company; provided however, that Clinton County may extend the time within which services are to be commenced as it may deem just and equitable.

(d) Following the implementation of the operation of the system the company shall make annual reports to the County concerning the operation of the natural gas system and the financial condition of the company at the end of each calendar year.

(e) Within two years from the award of the franchise to the

Company, the Company shall further make available natural gas service to a minimum of fifty-percent (50%) of the potential, residential and commercial customers desiring natural gas within Clinton County which potential customers have requested service and which service has been approved by the Public Service Commission, and submit to the County a report substantiating said availability of service, as well as a list of those individuals or entities requesting gas service, for the purpose of informing the County that the Company is making reasonable progress to provide service to all potential, residential and commercial customers desiring natural gas within the County and for the County to determine whether the franchise should be revoked by reason of the failure of the company to make reasonable progress in offering and providing services to all potential, residential and commercial customers desiring natural gas within the County. In making this determination, the County shall give due consideration to the Company's rights as outlined in SECTION 7, herein.

(f) Furthermore, the bid from potential bidders will specify the amount of time which the Company will require in order to service any customer, residential or commercial and the policy which the Company plans to implement and adhere to as to the procedures and response time as to establishing initial service as well as the policy and procedures regarding trouble calls and maintenance calls for all customers. Furthermore, Company, after receiving the franchise award, will, as soon as possible, provide

County with a copy of any operations manual required by the Public Service Commission.

(g) The Company shall locate and maintain a local customer office within Clinton County, Kentucky at all times during the term of the franchise and will maintain regular business hours at said office for the benefit of the public.

**BINDING EFFECT:**

SECTION 18. The terms of this ordinance creating this franchise and the subsequent granting ordinance are contractual and binding according to the terms contained therein, and shall be binding on as well as inuring to the benefit of Clinton County, Kentucky and the Company and the successors and assigns of the Company.

**INCONSISTENT ORDINANCES OR PROVISIONS:**

SECTION 19. Provisions of any other ordinance that are inconsistent with this ordinance are and shall be ineffective with respect to the company requiring this franchise.

**ADVERTISEMENT OF FRANCHISE ORDINANCE AND FOR BIDS:**

**SECTION 20.**

(a) It shall be the duty of Clinton County as soon as practicable after the ratification of this enabling ordinance to advertise the sale of this franchise by advertising for bids for same, at a minimum, once per week for three successive weeks in the Clinton County News so that the final publication shall appear not less than seven days before the day on which the bid opening shall

occur not more than 21 days before the day of the bid opening. Said notices and newspaper advertisement shall state when the County shall receive the bids for the sale of said franchise by sealed bid, giving the time and place of opening of said bids. All bids shall be effective and valid for a period of thirty (30) days following the the opening of same.

(b) Said advertisement shall reserve unto the County the right to reject any and all bids submitted.

(c) The newspaper publication shall describe the franchise to be sold and state that a copy thereof is available for inspection at the Clinton County, Kentucky, Judge/Executive's Office.

(d) The County shall sell said franchise in accordance with said notice and advertisement and the County may accept that bid which in its judgement is the highest and best bid or the County may reject any and all bids submitted.

(e) In addition to the consideration in the form of a franchise fee to Clinton County, Kentucky, the bidder will state a dollar amount proposed for the purchase of said franchise, which amount shall not be less than One Thousand Dollars (\$1,000.00). The bidder to whom said franchise shall be awarded shall state in the bid, the acceptance of the terms and provisions of this ordinance as well as the subsequent granting ordinance and the successful, shall, within ten (10) days after the acceptance of its bid by Clinton County, pay the aforesaid amount of the bid to Clinton County, Kentucky. No permit fee or other additional charge

shall be imposed on the company. The monies called for in this section are non-refundable.

(f) The successful bidder will reimburse Clinton County, Kentucky the amount of all legal advertising and notice costs incurred as a result of the enabling and granting ordinances and final publication of same.

**ADDITIONAL CONSIDERATION:**

SECTION 21. As additional consideration for the franchise, the Company shall allow Clinton County, Kentucky a discount of 25% on all natural gas used for heating and operating any public, county owned building which building is used exclusively for public and/or county use or purposes. To clarify, said discount would not apply to a County owned building which is being leased to a private person or entity. Such discount shall be applied to the rates that would otherwise be charged for nonresidential service of similar extent. Further, this provision is subject to the "special contract" provisions of the Public Service Commission.

**SEVERABILITY:**

SECTION 22. The franchise is granted pursuant to the laws of the Commonwealth of Kentucky relating to the granting of such rights and privileges by county governments. If any article, section, sentence, etc., of this ordinance is for any reason held illegal, invalid or unconstitutional, such invalidity shall not affect the validity of the ordinance or any of the remaining portions. The invalidity of any portion of this ordinance shall not

abate, reduce, or otherwise affect the consideration or other obligation required of the grantee. In the event of a declaration of invalidity by a Court of competent jurisdiction, nothing shall prohibit the proposed granting ordinance/s from being considered a right of easement for valuable consideration and this provision shall be set forth in any granting ordinance/s.

**PUBLIC BENEFIT:**

SECTION 23. This ordinance is hereby declared to be a measure in the interest of public peace, health, welfare and safety, and this ordinance shall become effective upon passage, approval and publication as required by law.


Published prior to passage on the 20th day of June, 1996.

Read and approved on first reading on the 19th day of June, 1996.

Read and approved on second reading on this the 20th day of June, 1996.

CLINTON COUNTY, KENTUCKY.

By:

  
CHARLENE KING,  
CLINTON COUNTY  
JUDGE/EXECUTIVE  
CLINTON COUNTY FISCAL COURT

ATTEST:

COUNTY CLERK

  
JIM ELMORE  
OrdGas.96

COMMONWEALTH OF  
KENTUCKY  
CLINTON COUNTY FISCAL  
COURT  
ORDINANCE NO. 1995-GAS-I  
FINAL ORDINANCE NOTICE

AN ORDINANCE RELATING  
TO THE GRANTING OF NON-  
EXCLUSIVE FRANCHISES FOR  
THE CONSTRUCTION, MAIN-  
TENANCE AND OPERATION  
OF A NATURAL GAS SYSTEM  
IN THE COUNTY OF CLINTON,  
KENTUCKY FOR THE FUR-  
NISHING AND SELLING OF  
NATURAL GAS BY MEANS OF  
SAID FACILITIES; AUTHORIZ-  
ING ADVERTISEMENT FOR  
BIDS AND PROVIDING FOR  
THE SELL OF SAID FRAN-  
CHISES IN CLINTON COUNTY  
KENTUCKY

Notice is hereby given by the Fis-  
cal Court of Clinton County, Ken-  
tucky, that on June 15, 1995 the above  
summarized ordinance was approved  
and adopted by said Court. The full  
text of the above referenced ordi-  
nance is available for public inspec-  
tion in the Clinton County, Kentucky  
Clerk's Office.

CLINTON COUNTY FISCAL  
COURT.

BY: S/CHARLENE KING  
Clinton County Judge/Executive

CERTIFICATION:

I, James M. Lawson, County At-  
torney for Clinton County, Kentucky  
do hereby certify that I prepared the  
foregoing ordinance summary and  
that same is a true and correct sum-  
mary of Ordinance No. 1995-GAS-I.

S: James M. Lawson  
County Attorney  
Clinton County, Kentucky,  
40-1c

Clinton County News

Thursday, June 20, 1996

COMMONWEALTH OF  
KENTUCKY  
CLINTON COUNTY FISCAL  
COURT  
COUNTY ORDINANCE  
1996-GAS-1

NOTICE

AN ENABLING ORDINANCE  
RELATING TO PROVIDING FOR  
THE GRANTING OF NONEXCLU-  
SIVE FRANCHISE/S THROUGH  
ONE OR MORE GRANTING  
ORDINANCES FOR THE CON-  
STRUCTION, MAINTENANCE  
AND OPERATION OF A NATU-  
RAL GAS SYSTEM; TO ENABLE  
THE FRANCHISE/S TO FURNISH  
AND SELL NATURAL GAS BY  
MEANS OF SAID FACILITIES;  
AUTHORIZING ADVERTISE-  
MENT FOR BIDS AND AWARD-  
ING OF FRANCHISE/S IN CLIN-  
TON COUNTY KENTUCKY

Notice is hereby given by the Fiscal  
Court of Clinton County Kentucky,  
that the first reading of the above  
summarized ordinance will be con-  
sidered on the 19th day of June, 1996  
at 6:00 p.m. If approved at first read-  
ing, the second reading of said ordi-  
nance will be considered on the 20th  
day of June, 1996 at 10:00 a.m. All  
times set forth herein are CST, and  
the readings will take place at the  
Clinton County Courthouse, County  
Judge/Executive's Office, Albany,  
Kentucky, where a copy of the full  
text of the proposed ordinance is  
available for public inspection.

CLINTON COUNTY FISCAL  
COURT

By: S:

CHARLENE KING,  
Clinton County Judge/Executive



Albany must approve any change on rates and the setting of the initial rate for the sale of natural gas. The factors to be considered in setting rates will include but not be limited to:

(a) consideration of whether or not the rates are reasonable and just based upon comparison with the rates in cities of a comparable size and location; and,

(b) whether or not Albany Gas will be making a sufficient profit to allow it to provide an efficient and safe service to the citizens and businesses of the area; and,

(c) whether or not Albany Gas is making or will make a sufficient rate of return relative to the money and time invested in the project with consideration given to the initial risk involved in the project.

4. Albany Gas hereby guarantees the City (8%) eight percent of the gross receipts. This (8%) eight percent guaranteed profit on gross receipts shall be the only profit to be received by the City under this arrangement and it will replace the (1.5%) one and one-half percent stated in article 14 of the ordinance granting the franchise.

5. The City hereby sets the initial rates as follows:

USAGE PER MONTH	RATE
First 0-15 MCF'S	5.50
Next 16-50 MCF'S	5.40
Next 51-100 MCF'S	5.30
Next 101-450 MCF'S	5.25
Excess of 450-up MCF'S	5.20

There will be a minimum of \$7.50 on all bills each month.

The City acknowledges that the above rates are just and reasonable rates under current conditions and further agrees that these rates may never be adjusted downward for the term of the management agreement.

6. Albany Gas will continue to abide by all required safety guidelines and regulations as set forth by the Kentucky Public Service Commission and the National Pipeline Safety Act.

7. Albany Gas shall furnish the City evidence of insurance to provide adequate coverage for damage resulting from the operation or installation of the gas pipeline.

9. This agreement shall be in force for a period of 20 years, ~~and at the election of Albany Gas, for an additional 20 years.~~ *SHS*  
If, however, an unreasonably low rate is set by the City at any time, and such rate is successfully challenged by Albany Gas in an appropriate forum, at the election of Albany Gas, this agreement may be terminated, with a reversion of all property transferred hereunder, to Albany Gas.

Further, should the Public Service Commission deem that this agreement does not remove Albany Gas from its rate-making jurisdiction, this agreement, at the election of Albany Gas, will terminate and the parties shall be returned to the status quo ante.

Nothing herein, however, shall alter any of the Parties' respective rights, duties and obligations under the base franchise agreement, except where specifically mentioned herein.

This 7<sup>th</sup> day of ~~February~~, 1986.  
*March*

ALBANY GAS UTILITY COMPANY

by: *Sammy S. Rowland*  
PRESIDENT

*Sammy S. Rowland*  
MAYOR, CITY OF ALBANY, KENTUCKY  
by authority of Ordinance 86-003,  
enacted February 7, 1986.  
*March*

CITY OF ALBANY, KENTUCKY  
City Ordinance No. 86-003

AN ORDINANCE AMENDING A PRIOR ORDINANCE WHICH CREATED A FRANCHISE FOR THE CONSTRUCTION, MAINTENANCE AND OPERATION OF A NATURAL GAS SYSTEM IN THE CITY OF ALBANY, KENTUCKY FOR THE FURNISHING AND SELLING OF NATURAL GAS BY MEANS OF SAID FACILITIES AND PROVIDING FOR THE SALE OF SAID FRANCHISE IN THE CITY OF ALBANY, KENTUCKY.

WHEREAS the City of Albany, Kentucky did on March 4, 1986, vote to purchase the physical plant of Albany Gas Utility Company, and grant an exclusive management contract for same to Albany Gas Utility, and

WHEREAS it appears that the Ordinance passed was in fact defective and due to the chaotic events of recent days and the discord and confusion it has created among the members of City government and the good townspeople of Albany, Kentucky and

WHEREAS the City council has voted that the present situation as it exists is in fact an emergency situation, and therefore the second reading of this ordinance is not required as per KRS 83A.060 (Sub 7);

NOW THEREFORE, be it ordained by the City of Albany, Kentucky, that the portion of City Ordinance No. 85-001 as set out below is amended as follows:

13. This franchise may be transferred by the Company only with written prior consent of the City and subject to the City's right of first refusal to purchase said franchise as set forth herein above. It is further understood that the word "company" whenever it appears herein shall include and apply to all the successors and/or assigns of the Company. Should the City elect to purchase said Franchise, the City may enter into a management agreement with any party or entity, including the original grantee of the Franchise. The terms and conditions of said management agreement shall be negotiable between the City and the entity granted the management contract.

This Ordinance shall take effect after its passage and upon publication.

Enacted this 7th day of March, 1986.

ATTEST:

*Stephen W. Allen*  
STEPHEN W. ALLEN  
CITY CLERK

*Lanny Bowlin*  
LANNY BOWLIN, MAYOR  
City of Albany, Kentucky

CITY OF ALBANY, KENTUCKY  
City Ordinance No. 85-001

AN ORDINANCE CREATING A FRANCHISE FOR THE CONSTRUCTION, MAINTENANCE AND OPERATION OF A NATURAL GAS SYSTEM IN THE CITY OF ALBANY, KENTUCKY FOR THE FURNISHING AND SELLING OF NATURAL GAS BY MEANS OF SAID FACILITIES AND PROVIDING FOR THE SALE OF SAID FRANCHISE IN THE CITY OF ALBANY, KENTUCKY.

WHEREAS the City of Albany, Kentucky is authorized by the Constitution of the Commonwealth of Kentucky to establish a franchise within the City of Albany, Kentucky for the construction and maintenance of a system for selling natural gas within the city for the use and enjoyment of its citizens and

Whereas the City of Albany, Kentucky wishes to establish certain guidelines for the operation of a natural gas system for the use and enjoyment of the people of the City of Albany,

NOW THEREFORE, be it ordained by the City of Albany, Kentucky as follows:

1. That there is hereby created a franchise for installing, laying and maintaining gas pipes and other necessary apparatus for the transmission, distribution and sale of natural gas together with all appurtenant facilities and equipment in, along, under and across the public ways, roads, streets, alleys and other public places in the City of Albany, Kentucky, and for constructing the necessary conduits and manholes for the installation of said pipes, facilities and equipment, and for selling natural gas by means of said facilities, and such gas may be conveyed through the City of Albany and to any portion of Clinton County and to any other town or county.

2. The person, firm or corporation which shall become the purchaser of this franchise, or any successor or assignee thereof, shall for brevity hereinafter be spoken of as the

"Company" herein, and the public ways, roads, streets, alleys and other public places of the City of Albany, Kentucky shall for brevity hereinafter be spoken of as the "streets."

3. The Company awarded this franchise, its legal representatives, successors and assigns, are hereby subject to the conditions hereinafter contained, authorized and empowered to acquire, purchase, construct, maintain, and operate in and through this city a system for the generation, distribution and transmission of natural gas from points either within or without the corporate limits of this city, to this city and the inhabitants thereof; and from and through this city to persons, corporations and municipalities beyond the limits thereof, and for the sale of same for light, heat, power and other purposes; to erect and maintain gas mains, pipes and other apparatus necessary or convenient for the operation of said system in, upon, across and along each and all of the streets, alleys and public places within the present and future corporate limits of this city; to have and hold as by law authorized, any and all property, easements and other rights necessary or convenient for said purpose, said property, easements and other rights to be acquired by the Company at its own expense; to use any and all such streets, alleys and public places while constructing or operating said natural gas system or works; and to cross any and all streets and streams in this city for the purpose of constructing, maintaining or extending such pipes, and other apparatus as may be necessary or convenient for the proper distribution of natural gas in and through this city. If after any pipe or other apparatus has once been

erected the City Council shall order the removal of said gas mains, pipes or apparatus to another location, the City shall pay the cost of making such relocation unless due to widening, regrading or reconstruction of the street or highway, in which case the Company will relocate at its expense. The Company shall also have the right to use the streets with its service and maintenance vehicles and equipment in furtherance of this franchise. Before beginning the construction of any new line of pipes, mains or appurtenances under this franchise, the Company shall prepare a plat showing the construction of the work to be done and a brief description showing the manner in which it is to be done, which plan and specification shall be presented to the City Council for its approval, and shall not proceed with such construction until approval is granted. Such approval, however, shall not be unreasonably denied, withheld or delayed. After the work is completed the City Council shall have the right to examine said work and should it find that the work has not been done in accordance with the plans and specifications approved by the City, the Company shall at its own expense make such changes as will cause the work to conform to the plans and specifications approved by the City. The work shall be done in a workmanlike manner and so as not to unnecessarily interfere with the public use of any said streets. Wherever the surface of any street is opened it must be restored to as good a condition as it was prior to the opening thereof.

4. The Company shall indemnify, save and hold harmless the City from any and all damages, judgments, decrees, costs and expenses which the City may legally suffer or incur or which may be legally obtained against the City for or by reason of the use and occupation of any streets in the city by the Company, pursuant to the terms of this franchise or legally

resulting from the exercise by the Company of any of the privileges herein granted; and if any claim shall be made or suit brought against the City for damages alleged to have been sustained by reason of the occupation of any street or the exercise of any privileges herein granted, by the Company, the City shall immediately notify the company in writing thereof and the Company is hereby given the right and privilege to defend or assist in defending such suit in the name of the City.

5. The Company may furnish natural gas for light, heat, power and any other lawful purpose to any person or persons, company or entity residing along or near the aforesaid streets, and may make such lawful contracts for the use thereof as may be agreed upon between the Company and such person or persons, company or entity.

6. The Company shall extend its natural gas mains, pipes and equipment and install additional equipment whenever it is assured of deriving additional business therefrom and receive a reasonable return upon the investment required to install such extension.

7. The Company shall have the right to make and enforce reasonable rules and regulations necessary for the proper conduct of its business and protection of its property, subject to all local, state and federal laws and regulations.

8. The Company shall have the right to charge reasonable rates for natural gas supplied within the city and rates that are subject to regulation by the Public Service Commission of Kentucky, or any other appropriate local, state and/or federal agency.

9. This franchise and all rights and privileges granted hereunder shall be in full force and effect for a period of

twenty (20) years from and after the date when this franchise is granted to the Company, subject to the Company's compliance with the provisions of this franchise.

10. In the event that the Company desires to sell the system that it establishes for the distribution of natural gas within the city, the City shall have the right of first refusal to purchase the system from the Company at a price to be agreed upon between the City and the Company. In the event that no price can be agreed upon between the City and the Company, the parties may provide for a method of determining a reasonable price for the system, including but not limited to, mediation or arbitration.

11. The Company shall comply with all local, state and federal laws and regulations in constructing and operating the natural gas system herein, including but not limited to, compliance with the rules and regulations of the Public Service Commission of the Commonwealth of Kentucky or any other appropriate local, state and/or federal agency.

12. In the event that the City should enact a utility tax, user fee or similar charge to be levied upon gas purchasers during the term of this franchise, the Company shall add said charge to its monthly bills, collect same for the City and deliver the collections monthly to the City, all at no cost to the City.

13. This franchise may be transferred by the Company only with written prior consent of the City and subject to the City's right of first refusal to purchase said franchise as set forth herein above. It is further understood that the word "company" whenever it appears herein shall include and apply to all the successors and/or assigns of the Company.

14. The City shall receive from the Company as consideration



for the granting of this franchise and the continuing enjoyment thereof, an annual franchise fee of 1½% of all gross receipts received by the Company during a fiscal year, a fiscal year being from July 1 to June 30, and the Company shall pay said fee to the City within 30 days from the end of the fiscal year.

15. The Company shall start construction of a natural gas system within ninety (90) days from the date of the award of this franchise and the Company shall make reports upon its progress in constructing the natural gas system to the City, every ninety days until the system is in operation, operation being that natural gas is supplied to customers within the city, said reports for the purpose of informing the City that the Company is making reasonable progress toward the implementation of the system and for the City to determine whether the franchise should be revoked by reason of the failure of the Company to make reasonable progress toward implementation of the system, as decided by the City. Following the implementation of the operation of the system the Company shall make annual reports to the City concerning the operation of the natural gas system and the financial condition of the Company at the end of each fiscal year. Within two years from the award of the franchise to the Company, the Company shall further make available natural gas service to seventy-five percent (75%) of the potential customers within the city of Albany and submit unto the City a report substantiating said availability of service, for the purpose of informing the City that the Company is making reasonable progress to provide service to all potential customers within the city and for the City to determine whether the franchise should be revoked by reason of the

failure of the company to make reasonable progress in offering services to all potential customers within the city.

16. The terms of this ordinance creating this franchise are contractual and binding according to its terms, on the City and the Company.

17. Provisions of any other ordinance that are inconsistent with this franchise are and shall be ineffective with respect to the Company acquiring this franchise.


18. Any previous ordinance passed by the City of Albany dealing with the creation of a natural gas franchise is expressly repealed by the enactment of this ordinance.

19. It shall be the duty of the Clerk of the City as soon as practicable after the ratification of this ordinance to advertise the sale of this franchise once a week for two successive weeks in "The Clinton County News," so that the final publication shall appear not less than seven days before the day on which the sale shall occur nor more than 21 days before the day of the sale, said sale to occur on Friday, March 1, 1985, at the hour of 3:00 P.M., local time, said notice and newspaper advertisement shall state when the Clerk shall receive the bids for the sale of said franchise by sealed bid, giving the time and place of opening of said bids. All bids shall be for a period of ten (10) days following the date of the opening. Said advertisement shall reserve unto the City the right to reject any and all bids submitted. The newspaper publication shall describe the franchise to be sold and state that a copy thereof is available for inspection at City Hall. The City shall sell said franchise in accordance with said notice and advertisement and the City may accept

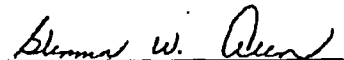
that bid which in its judgment is the highest and best bid or the City may reject any and all bids submitted. No bid of less than \$100 shall be accepted. The bidder to whom said franchise shall be awarded shall within ten (10) days after the acceptance of its bid by the City Council of the City of Albany pay the amount of the bid to the City of Albany. No permit fee or other additional charge, except occupational license fee, shall be imposed on the Company.

20. This ordinance shall take effect and be in full force when passed, published and recorded according to law.

IN WITNESS WHEREOF, I, the undersigned, as Mayor of the City of Albany, Kentucky, have hereunto set my hand on this 15<sup>th</sup> day of February, 1985.

  
SIDNEY S. SCOTT, Mayor  
City of Albany, Kentucky

ATTEST:

  
GLENN A ALLEN, Clerk  
City of Albany, Kentucky

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JOINT APPLICATION OF NAVITAS KY NG, LLC AND )  
GASCO DISTRIBUTION SYSTEMS, INC. FOR ) CASE NO.  
APPROVAL OF AN ACQUISITION OF OWNERSHIP ) 2010-00468  
AND CONTROL OF GAS UTILITY SYSTEMS )

ORDER

On December 2, 2010, Navitas KY NG, LLC ("Navitas KY") and Gasco Distribution Systems, Inc. ("Gasco") filed a joint application requesting Commission approval of the transfer of ownership and control of Gasco's Albany, Kentucky, gas distribution system. By this Order, the Commission grants approval of the requested transfer.

PARTIES TO THE TRANSACTION

Gasco is an Ohio Corporation with its principal place of business at 4445 East Pike, Zanesville, Ohio. It owns and operates natural gas distribution systems known as (1) the Jellico System located in Campbell County, Tennessee and Whitley County, Kentucky; (2) the Byrdstown System located in Pickett County, Tennessee; (3) the Fentress System located in Fentress County, Tennessee, and (4) the Albany System ("Gasco Albany") located in Clinton County, Kentucky (collectively referred to as "Gasco"). Gasco's Albany System serves approximately 134 customers in Albany,

Kentucky and is a utility subject to the Commission's jurisdiction (KRS 278.010(3)(b)).<sup>1</sup> Its Certificate of Authority to transact business in Kentucky was revoked on November 2, 2010.<sup>2</sup> Gasco filed for bankruptcy protection in the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division, ("Bankruptcy Court") under Chapter 11 of the Bankruptcy Code on June 1, 2009.<sup>3</sup> Gasco is acting as a debtor in possession.

Navitas KY, a Kentucky limited liability company with its principal place of business at 18218 East McDermott, Irvine, California, was formed for the purpose of acquiring Gasco's Albany Kentucky assets. Its parent company is Navitas Assets, LLC ("NALLC"), a Delaware limited liability company. NALLC is also the parent Company of Fort Cobb Fuel Authority, LLC ("FCFA") and Navitas TN NG, LLC ("Navitas TN"). FCFA is a regulated natural gas utility in Oklahoma providing natural gas service to approximately 4,600 retail customers in rural Oklahoma. Navitas TN was created for the purpose of acquiring and operating Gasco's Tennessee system.

NALLC's sister company, Navitas Utility Corporation ("NUC") is a Nevada Corporation that provides support services for NALLC and its subsidiaries.

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<sup>1</sup> In 1995, the Commission approved Gasco's acquisition of the Albany Gas Utility Company and its Application for a Certificate of Public Convenience and Necessity to provide local gas distribution service to Albany, Kentucky. See Case No. 1994-00427, The Application of Gasco Distribution Systems, Inc. for a Certificate of Convenience and Necessity to Provide Local Gas Distribution Service to Albany, Ky and for Transfer of the Albany Gas Utility Company (Ky. PSC Feb. 16, 1995).

<sup>2</sup> See Kentucky Secretary of State Online Database, <https://app.sos.ky.gov/corpscans/47/0704047-09-99999-20101101-REV-4564655-PU.pdf>.

<sup>3</sup> In Re: Gasco Distribution Systems, Inc., Case No. 09-056171, (Bankr. S.D. Ohio, Filed June 1, 2009).

## OVERVIEW OF THE TRANSACTION

Gasco and NALLC (together with its permitted assigns) entered into an Asset Purchase Agreement on July 9, 2010, which they amended on October 14, 2010 (collectively "APA"). On October 21, 2010, the Bankruptcy Court authorized the transfer of Gasco's assets to NALLC or its designated assigns pursuant to the terms and conditions of the APA. NALLC, pursuant to a Resolution signed on November 16, 2010, assigned all of its rights and privileges under the APA with regard to Gasco's Albany Kentucky distribution system to Navitas KY.

Gasco owns natural gas distribution facilities used to provide service to customers in Black Oak and Kentucky Hill in Whitley County, Kentucky and to customers in Albany, Kentucky. The only issue before the Commission in this proceeding is the proposed transfer of the Gasco facilities located in Albany. In 1990, this Commission authorized the Jellico Gas Utility, Inc. to provide natural gas service to the Whitley County customers pursuant to the jurisdiction of the Tennessee Public Service Commission (now the Tennessee Regulatory Authority ("TRA")).<sup>4</sup> Navitas TN received approval from the TRA on December 30, 2010 to acquire and operate the Gasco systems located in Tennessee and Whitley County, Kentucky.

Navitas KY agrees to continue providing service to Gasco Albany's customers under the current terms and conditions and to adopt Gasco Albany's Kentucky tariff. If approval of the transfer is granted, NUC proposes to contract to operate the Gasco Albany facilities and to move the billing operations from Gasco's corporate offices in Ohio and its meter proving facilities to FCFA's Eakly, Oklahoma facilities.

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<sup>4</sup> See Case No. 1990-00208, Gas Service to Kentucky Customers by Ken-Gas of Tennessee, Inc. d/b/a Jellico Gas Utility, Inc. (Ky. PSC Aug. 13, 1990).

### STATUTORY STANDARD

Under KRS 278.020(5), no person may acquire or transfer control of a utility until the Commission has determined that the acquirer has the financial, technical and managerial abilities to provide reasonable service. In addition, under KRS 278.020(6), no individual may acquire control of a utility unless the Commission has determined that the acquisition is made in accordance with the law, for a proper purpose, and is consistent with the public interest.

### DISCUSSION

Navitas KY states that as part of the Navitas companies it has the financial, technical and managerial abilities to provide utility service to Gasco Albany's customers and thus meets the requirements of KRS 278.020(5).

Navitas KY states that in addition to the experience NALLC has with operating regulated natural gas utilities, it intends to maintain the extensive managerial and technical experience with the Kentucky system by contracting for the services of Gasco's current field service employee in Kentucky. In addition, Navitas KY intends to contract with and train an emergency relief person to be available when the Kentucky employee is on vacation or otherwise unavailable. Navitas KY states that it will work closely with Commission staff to ensure that the system is maintained properly.

Navitas KY provided the 2009 Federal and State Income Tax Returns and An Independent Auditor's Report for its parent company, NALLC, and NUC in support of its financial ability to own and operate the Gasco Albany system. Navitas KY states that it will finance the purchase of Gasco Albany by drawing down \$149,700 from a USDA Business and Industry loan secured in 2009.

Navitas KY also states that the proposed transaction is in accordance with the law, for a proper purpose, and is consistent with the public interest. Gasco Albany's natural gas suppliers and transporters will not change as a result of the acquisition. NALLC and its affiliates are committed to keeping rural communities in which they serve viable.

After careful consideration and deliberation, the Commission finds that sufficient evidence has been provided to support the assertion that Navitas KY will have the financial, technical, and managerial ability to provide reasonable service to Gasco Albany's consumers. The Commission further finds that the transaction will be made in accordance with the law, does not violate any statutory prohibition, and is consistent with the public interest. Having determined that the proposed transaction meets the statutory requirements, the Commission finds that Navitas KY should be permitted to acquire the assets of Gasco Albany as proposed and that Navitas KY should ensure that all transactions with its affiliates are in compliance with KRS 278.2201 through KRS 278.2219.

IT IS THEREFORE ORDERED that:

1. The transfer of the Gasco Albany assets to Navitas KY as proposed in the APA is approved.
2. Within 5 days of the consummation of the proposed transaction, Navitas KY shall file a written notice setting forth the date of the acquisition.
3. Within 20 days of the date of this Order, Navitas KY shall file an adoption notice pursuant to 807 KAR 5:011, Section 11, and in the form prescribed in 807 KAR 5:011, Section 15.

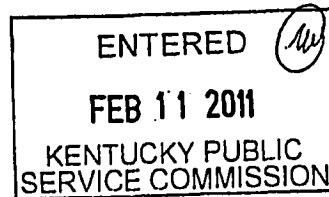


4. Within 20 days of the effective date of the asset transfer, Navitas KY shall file with the Commission the journal entries used to record the transfer.

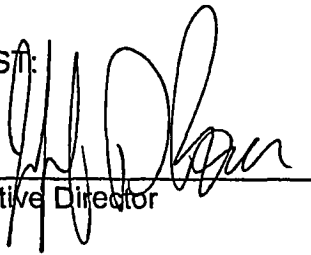
5. The scope of Commission approval herein shall not be construed to include accounting or ratemaking implications with regard to the accounting adjustments made by Navitas KY; nor does it represent approval of any indebtedness that Navitas KY may have incurred.

6. Gasco shall be responsible for filing its annual report for 2010 as required by statute and an annual report for the portion of 2011 that it owned and operated the Gasco Albany system.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

Klinton W Alexander  
Wyatt, Tarrant & Combs, LLP  
2525 West End Avenue, Suite 1500  
Nashville, TN 37203

Ron Comingdeer  
Ron Comingdeer & Associates  
6011 N. Robinson  
Oklahoma City, OK 73118

Mr. Fred Steele  
President  
GASCO Distribution Systems, Inc.  
4445 East Pike  
Zanesville, OH 43701