

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

IN THE MATTER OF:

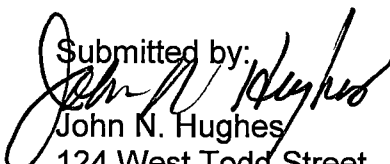
APPLICATION OF NATURAL ENERGY
UTILITY CORPORATION
FOR APPROVAL OF CONSTRUCTION OF
A NATURAL GAS PIPELINE AND
ISSUANCE OF A CERTIFICATE OF
CONVENIENCE AND NECESSITY

)
)
)
) CASE NO.
) 2017-00049

FEB 8 2017
PUBLIC SERVICE
COMMISSION

RESPONSE TO COMMISSION ORDER OF FEBRUARY 3, 2017

Natural Energy Utility Corporation, by counsel, submits its responses to the Commission's order of February 3, 2017 and a petition for confidentiality for responses 4 and 5.

Submitted by:

John N. Hughes
124 West Todd Street
Frankfort, KY 40601
502 227 7270
Fax: none
jnhughes@johnnhughespsc.com


Attorney for Natural Energy Utility Corporation

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

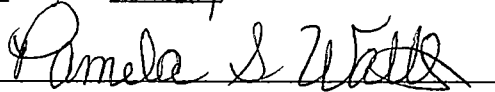
COUNTY OF BOYD

Affiant, H. Jay Freeman, after being first sworn, deposes and says that he is the President of Natural Energy Utility Corporation, that he is authorized to submit this Response and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.



H. Jay Freeman

This instrument was produced, signed, acknowledged and declared by H. Jay Freeman to be his act and deed the 7th day of February, 2017.



Notary Public
Registration Number: 486325

My Commission expires: 4/6/17

Pamela S. Watts
Notary Public
State at Large - Kentucky
My Commission Expires April 6, 2017
ID #486325

Witness: H. Jay Freeman

1. State whether the service to this customer will be at an existing facility, an expansion of an existing facility, or a new facility.

The service to this customer will be expansion of an existing facility.

Witness: H. Jay Freeman

2. Confirm that the contract customer does not currently have, and has not had in the past, gas service at or in the general vicinity of its current location. If this cannot be confirmed, provide the name of the gas supplier(s) and a description of the pipeline facilities used to supply that gas.

This customer does not and has never had gas service at its current location.

Witness: H. Jay Freeman

3. Refer to the Application, paragraph 5.
 - a. Describe the location of the 30 new residential customers expected to be served, and an estimate of the additional pipeline extension and investment that would be required to serve them.
 - b. Confirm that service to all 30 new customers is to be provided by November 2017.
 - c. Confirm that there is no other gas service in the vicinity of the 30 customers.

3a. The location of the 30 new customers will be on Horn Hollow and RT 67. These will be service line installations only and the customer will pay for anything over 100 feet. The cost to NEUC is an ordinary customer service installation.

b. We will collect tap applications from the customers as they desire natural gas service and they will be installed at the time of customer's request. There is no way we can confirm the customers will be served by November 2017.

c. There is no other gas utility in the vicinity of these customers.

Witness: H. Jay Freeman

4. Refer to Exhibit 1, the special contract, paragraph 6. Price, line 4, and to Exhibit 3, the Engineering study ("Study"), page 1. Clarify the pricing terms, and how volumes over the threshold "up to" amount, which is redacted on line 4 of the contract, will be priced. The explanation should include the amount NEUC would bill the customer for a monthly volume of 3,210 dth, or 107 dth/day, which is the load indicated on page 1 of the Study.

The customer is currently expecting their initial volumes to be less than 107 dth per day. They will not reach 107 dth per day for 3-5 years. The customer will pay [REDACTED] natural gas end of month posted pricing plus [REDACTED] per dth. Once the customer reaches [REDACTED] dth in a month's business it will receive a discounted pricing of [REDACTED] making the total discount price to customer [REDACTED] plus [REDACTED] plus applicable taxes.

Witness: H. Jay Freeman

5. Confirm that the proposed special contract is for sales service and not transportation service.

- a. If so, explain whether NEUC intends to supply the customer from system supply gas, and whether the customer's volume, gas cost, and gas cost recovery will be included in NEUC's quarterly Purchased Gas Adjustment Filings.
- b. If NEUC is providing sales service to the customer, state the source of the gas to supply the customer, and what price NEUC will be charged for the gas.

Customer will have a special contract for the gas sales, not transportation, and the NEUC quarterly purchase gas adjustment filings will not be affected by this contract.

b. NEUC will be buying their gas at [REDACTED] historically. The gas will come for [REDACTED] gas pipeline. NEUC also purchases gas from local producers in the area that feed gas into its system at various locations.

Witness: H. Jay Freeman

6. Refer to Exhibit 3, the Study, page 3. the Additional Comments.

a. Address separately the comments regarding regulator sizing and overall system capacity with regard to the impact on the rest of NEUC's system of adding the new load from the special contract customer and the 30 additional residential customers.

b. Considering the combined potential load of the new industrial customer and the 30 additional customers, state whether NEUC's existing pipeline system will be able to deliver the expected full requirements of all customers.

. Regulator (Fischer 627R Regulator) on 6" coming into east part at 50 PSI. At 50 PSI using the initial volumes we will have more than ample pressure and supply the anchor tenant and any additional residential customers going forward. We have approximately 500 dth per day available to operate this line. Servicing additional customers if we increase the inlet pressure through regulation in increments for 5 PSI perpetually the available gas would increase. None of the existing customers NEUC currently serves with be affected by this ordinary extension.

b. NEUC will be able to provide natural gas to the anchor tenant, additional customers, as well as continued residential growth without having a negative effect on its existing system.

Witness: H. Jay Freeman

7. Refer to Exhibit 6. State whether NEUC expects the information regarding volumes, revenue, and cost for Year 3 to be representative of the remaining term of the contract. If not, provide volume, revenue, and cost projections for the remaining years.

Once customer reaches peak load, it doesn't foresee any additional growth and the contract will be evergreen at the current terms going forward.