

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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Columbia Gas of Kentucky, Inc.)

FEB 22 2010

Complainant)

PUBLIC SERVICE
COMMISSION

Case No. 2009
-00340

v.)

Natural Energy Utility Corporation)

Defendant)

TESTIMONY OF H. JAY FREEMAN

1 1. State your name

2 A. H. Jay Freeman

3 2. What is your position with Natural Energy Utility Corporation?

4 A. President

5 3. How long have you been associated with NEUC?

6 A. Since its predecessor Kentucky-Ohio Gas Company was approved to
7 operate as a natural gas distribution company in 1991.

8 4. Does NEUC have a franchise to provide natural gas service in Ashland?

9 A. Yes. NEUC and its predecessor companies have had a franchise to serve
10 customers within the city limits of Ashland since December, 1992, when KY-Ohio
11 Gas Company was awarded a franchise. See Case No. 92-547. Approval to
12 extend that franchise was granted in 2005, Case No. 2005-00289. Recently,
13 another extension of that franchise was approved in Case No. 2009-00281

14 5. Does NEUC provide natural gas service to retail customers in Ashland?

15 A. Yes

16 6. How long has NEUC had customers in Ashland?

17 A. Since the inception of Kentucky-Ohio Gas.

18 7. What facilities does NEUC have in Ashland?

19 A. Distribution lines through-out city in various sizes

20 8. How long have those facilities been in operation?

21 A. 1929

22 9. In response to Columbia's Complaint dated August 21, 2009, NEUC filed a
23 map with its Answer and Motion to Dismiss dated September 8, 2009 showing its

1 facilities in the area of Ashland located on the properties involved in this dispute.

2 Is that map accurate?

3 A. Yes.

4 9. Is the information submitted with the September 8, 2009 response correct and
5 accurate?

6 A. Yes.

7 10. Describe the facilities NEUC has on the properties involved in this complaint
8 by Columbia.

9 A. NEUC has had a two inch steel pipeline in operation in the area that
10 Columbia asserts the exclusive right to serve. That pipeline has been in
11 continuous service since Kentucky-Ohio Gas Company began operations in 1992
12 and it is believed to have been in place and operating since 1929

13 11. Are those facilities in use by NEUC?

14 A. Yes

15 12. How long have they been in operation?

16 A. They have been used by NEUC since its predecessor KOG began operations.
17 The pipeline that is located on the disputed customers' property has been in
18 operation since at least 1929.

19 13. Are NEUC customers currently served from those facilities?

20 A. Yes . NEUC currently serves and has served residential customers from that
21 pipeline since the initial operations of its predecessor companies in the early
22 1990's. As the plat filed on September 8, 2009 shows, NEUC's pipeline crosses
23 the property identified in Columbia's complaint as a "strip mall". NEUC has

1 customers located at each end of the mall property. NEUC and its predecessors
2 have served those customers through that pipeline since initial operations in
3 1992.

4 14. Explain the background of the request for service by NEUC that is in issue in
5 this case.

6 A. NEUC and Columbia were contacted by the representative of three
7 businesses in the "mall" in February, 2009, who requested discontinuance of
8 service from Columbia and initiation of service by NEUC. In May, 2009 and July,
9 2009, NEUC was again contacted about service and requested that service to
10 the three businesses be switched from Columbia. A target date for the switch
11 over was set for August 18, 2009. Because of Columbia's complaint, no action
12 was taken by NEUC

13 15. Did you contact the businesses to suggest they switch service from
14 Columbia?

15 A. No, the initial contact was from the representative of the businesses on the
16 mall property.

17 16. Does NEUC have the ability to serve those customers?

18 A. Yes.

19 17. Will the service be from existing facilities on the mall property?

20 A. Yes.

21 18. Will any modifications, extensions or improvements need to be made to those
22 facilities?

23 A. No.

1 19. Will the service taps be from the existing facilities on the mall property?

2 A. Yes.

3 20. Have you installed any new facilities in this area recently?

4 A. In June, 2007, NEUC was contacted by a property owner about some
5 construction in the area near the corner of Palmer Street and McKinley Street,
6 which is adjacent to the mall property at issue in this case. That property owner is
7 not involved in this dispute. NEUC was asked to move an existing gas main due
8 to the relocation of a driveway, which was unrelated to the service to the property
9 involved in this dispute. NEUC had not been contacted by the property owner
10 involved in this dispute at that time. Because of the construction in that area,
11 NEUC relocated a portion of its existing pipeline and at the same time replaced
12 approximately 100 feet of 2 inch steel pipe and 580 feet of four inch steel pipe
13 with similar size plastic gas pipe, which was located on the "mall" property. The
14 cost of this project was approximately \$2,371.00.

15 21. What caused you to make the repairs?

16 A. The existing steel pipeline was installed as long ago as 1929. While the area
17 was excavated due to the relocation requested by the property owner, it was
18 prudent business to replace the steel line with plastic and avoid the duplicate
19 cost of doing so at some point in the future. Approximately 100 feet of
20 excavation was necessary to relocate the driveway facilities. Approximately 400
21 feet of additional excavation was needed to install the plastic pipe and to remove
22 the manifold that provided lower than normal CP readings north of the property.

23 22. Did NEUC require a rate adjustment to recover these costs?

1 A. No.

2 23. Did the repairs cause any existing facility to be duplicated?

3 A. No,

4 24. Did the repairs extend service to new areas or customers?

5 A. No.

6 25. Did the repairs relocate any of the existing facilities on the mall property?

7 A. No.

8 26. Is it correct that the only change to the facilities on the mall property was to
9 replace steel pipe with plastic pipe?

10 A. Yes.

11 27. Could you have served the mall businesses through the existing steel pipe?

12 A. Yes.

13 28. Was the plastic replacement pipe installed in anticipation of serving
14 Columbia's customers?

15 A. No. The replacement was due to a customer request and a directive by the
16 PSC inspector to replace the steel line in that area due to low readings at CP
17 stations.

18 29. Has the applicant contacted you recently about service?

19 A. Yes, the businesses still want NEUC service.

20 30. Does this conclude your testimony?

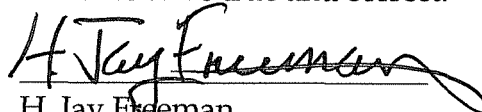
21 A. Yes.

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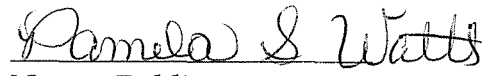
COMMONWEALTH OF KENTUCKY

COUNTY OF BOYD

Affiant, H. Jay Freeman, after being first sworn, deposes and says that he is authorized to submit this testimony on behalf of NEUC, and that the information contained in the testimony 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 16th day of February, 2010.


Notary Public

My Commission expires: 4/6/2013