

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**JOINT APPLICATION OF AMERIGAS PARTNERS,)
L.P. AND COMMERCIAL PROPANE SERVICE LLC)
FOR APPROVAL OF COMMERCIAL PROPANE)
SERVICE LLC'S ACQUISITION OF AMERIGAS)
PARTNERS, L.P.'S UTILITY ASSETS IN OLD BRIDGE)
SUBDIVISION, DANVILLE, KENTUCKY)**

CASE NO. 2014-00250

**TESTIMONY OF
MICHAEL W. ROBERTS
OWNER AND PRESIDENT
COMMERCIAL PROPANE SERVICE LLC**

Filed: July 18, 2014

1 **Q. Please state your name, position and business address.**

2 A. My name is Michael W. Roberts. I am the Owner and President of Commercial Propane
3 Service LLC (“CPS”). My business address is 160 Sulphur Springs Road, Lebanon, KY,
4 40033.

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to show that transferring AmeriGas Partners, L.P.’s
7 (“AmeriGas) utility assets in the Old Bridge Subdivision of Danville, Kentucky (“Old
8 Bridge System”), to CPS would be in accordance with law, for a proper purpose, and
9 consistent with the public interest, and to recommend that the Commission approve the
10 proposed transfer.

11 **Q. Please state the basis for your opinion that the transfer of the utility assets of**
12 **AmeriGas as described in the application should be approved.**

13 A. First, transferring the Old Bridge System to CPS would be in accordance with law. As I
14 describe herein, CPS is a successful business enterprise that has existed for over 15 years
15 and has the experience and means to ensure the continued viability of the propane
16 distribution system currently providing utility service to customers in Old Bridge; in
17 short, CPS has the financial, technical, and managerial abilities to provide reasonable
18 service required by KRS 278.020(5).

19 Second, the transfer is for a proper purpose and in the public interest. It is my
20 understanding that AmeriGas is currently seeking to divest itself of the Old Bridge
21 System, either by sale or abandonment. My desire is for CPS to own and operate the Old
22 Bridge System indefinitely, providing the same safe and reliable service to which Old
23 Bridge customers are accustomed. Keeping the Old Bridge System a functioning utility

1 is a proper purpose, and maintaining the current utility service the Old Bridge System
2 customers clearly want to keep is in the public interest.

3 **Q. Please describe your experience in the propane industry.**

4 A. I have over 35 years of experience in the propane industry, having begun my career in
5 1979 at Dealers LP Equipment Company as a propane-equipment salesman. I later
6 formed Bluegrass Meter, a business specializing in rebuilding propane meters,
7 compressions, and pumps. Approximately 15 years ago, Bluegrass Meter became CPS,
8 and its services were expanded to include bulk-plant installations and underground piping
9 for commercial-scale tanks. CPS is licensed with the Kentucky Department of Housing,
10 Buildings, and Construction Division of Fire Prevention – Hazardous Materials Section
11 as a liquefied petroleum gas business, and I am a member of the National Propane Gas
12 Association and Kentucky Propane Gas Association. (CPS’s Liquefied Petroleum Gas
13 License is attached to the Joint Application as **Exhibit 2**, and documents demonstrating
14 my qualifications are attached to the Joint Application as **Exhibit 4**.) CPS now provides
15 a wide range of services, including installation, repair, and maintenance of bulk-plant
16 storage facilities, bottle houses, vaporizers, and air mixers. In November 2013, CPS
17 began bottled-propane service to customers between Lebanon and New Haven,
18 Kentucky. Since then, we have provided approximately 59,000 gallons of propane to 82
19 customers. CPS has experience in nearly all aspects of the propane service industry and
20 looks forward to acquiring and operating the Old Bridge System.

21 **Q. Please provide the names and credentials of your employees.**

22 A. CPS employs three people in addition to me:

- 1 • Ronald Humphreys has been with CPS for almost four years, and has experience
2 piping large commercial tanks, proving meters, removing plants, setting
3 residential tanks, and hydro-testing and inspecting propane trucks.
- 4 • Chuck Howell has been with CPS for the last 5 months. Mr. Howell is CPS's
5 bobtail-truck driver, and has a commercial driver's license and hazardous material
6 certification.
- 7 • Adrian Roberts has been with CPS for the last 5 years and is the office manager.
8 She has a bachelor's degree in business management, and is in charge of accounts
9 payable and receivable, customer service, and employee management.

10 The combined experience and expertise of CPS's employees (including me) provides
11 more than adequate technical ability for CPS to own and operate the Old Bridge System.

12 **Q. What is CPS's current financial status?**

13 A. CPS is currently debt free; the acquisition of the Old Bridge System will not alter this
14 status. (A copy of CPS's financial information for years 2011 through 2014 is attached to
15 the Joint Application as **Exhibit 7.**) CPS had net profit of \$51,909 in 2011, \$52,897 in
16 2012, and \$86,682 in 2013. As of July 1, 2014, CPS had approximately \$594,700 in
17 assets. CPS is also well insured, carrying a \$2 million property and casualty policy. (A
18 copy of that policy is attached to the Joint Application as **Exhibit 8.**)

19 CPS is therefore well positioned financially to own and operate the Old Bridge
20 System, which is a small and well-functioning utility system.

21 **Q. Please describe your managerial experience as Owner of CPS.**

22 A. I started Bluegrass Meter in 1993, and have now owned and operated CPS for over 15
23 years. I have managed many employees throughout my career, up to 9 at a time. During

1 my career, I have supervised propane-system installations throughout most of the
2 Southeastern and Eastern United States. Moreover, my Office Manager, Adrian Roberts,
3 has a degree in business management, and has 5 years of management experience at CPS.
4 CPS therefore has the managerial ability to deal with the various needs required to
5 provide services to the variety of customers who rely on CPS. In addition, since
6 beginning bottled-propane service in November 2013, CPS has developed the additional
7 customer-service infrastructure necessary to support the Old Bridge System.

8 **Q. What is CPS's plan for obtaining and transporting the propane supply necessary**
9 **for the Old Bridge System?**

10 A. CPS does not rely on a single supplier for propane; rather, it monitors the market and
11 seeks opportunities for reliable and economical suppliers. Based on current supply and
12 pricing, we anticipate obtaining propane supply and transportation from Rich Energy,
13 which is located in Cincinnati, Ohio. Rich Energy has supplied CPS's propane needs
14 since CPS began its bottled-propane service in November 2013, and ensured CPS was
15 able to keep its customers supplied with propane without interruption even during the
16 recent polar vortex. CPS anticipates using Rich Energy's propane-transportation service
17 to fill the supply tanks in the Old Bridge System. CPS is therefore well positioned to
18 meet the propane needs of our bottled-propane customers and the Old Bridge System.

19 **Q. What other services will CPS provide for the Old Bridge System?**

20 A. CPS will manage the financial aspects of the Old Bridge System, provide customer
21 service and billing, furnish reconnection, disconnection, and termination services, and
22 conduct periodic maintenance, system inspections, and meter readings. Bright's Bottle
23 Gas, a subsidiary of AmeriGas, has agreed to provide customer-installation services; thus,

1 AmeriGas's current utility customers will notice familiar trucks and faces in their
2 neighborhood. Although CPS is fully capable of providing all necessary services, and
3 may decide to do so in the future, I believe this arrangement will ensure the transfer has
4 no effect on the quality of service desired by Old Bridge customers.

5 **Q. Please state the basis for your opinion that the transfer of the utility assets of**
6 **AmeriGas as described in the application is in the public interest.**

7 A. CPS is acquiring the Old Bridge System to provide continued utility service to customers
8 who rely on the Old Bridge System for propane. There will be no negative effects on
9 AmeriGas's customers as a result of the transfer. Upon Commission approval of this
10 application, CPS will adopt AmeriGas's tariff and will provide the same level of service
11 that AmeriGas provided. CPS has received an A+ rating from the Better Business
12 Bureau for the last three years, and has the billing and customer service infrastructure
13 necessary to accommodate CPS's wide range of customers and services, including the
14 provision of bottled gas service to customers between Lebanon and New Haven,
15 Kentucky. Furthermore, it has come to my attention that there was significant customer
16 concern regarding AmeriGas's previous effort to abandon the utility service at issue in
17 this application. It appears that the customers currently served by the Old Bridge System
18 strongly desire continued utility service; CPS will satisfy that desire.

19 **Q. How will CPS's acquisition of the Old Bridge System affect the rates paid by**
20 **AmeriGas's current utility customers?**

21 A. I do not currently foresee an immediate need to alter the existing rate structure, including
22 quarterly gas adjustments. But if rate adjustments are needed in the future, I will contact
23 the Commission Staff to conduct the appropriate rate review.

1 **Q. Are you familiar with the requirements of owning and operating a utility subject to**
2 **the jurisdiction of the Kentucky Public Service Commission (“Commission”)?**

3 A. Yes, I have reviewed and familiarized myself with the applicable statutes and regulations
4 and look forward to working with the Commission and its Staff. Regarding annual
5 reports, I have an established relationship with Hibbs and Associates, PLLC, an
6 accounting firm located in Bardstown Kentucky. Moreover, I know where to obtain
7 competent counsel if necessary.

8 **Q. Does this conclude your testimony?**

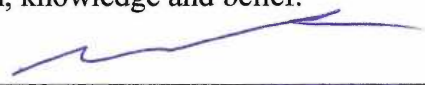
9 A. Yes, it does.

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF Jefferson, SS:

The undersigned, **Michael W. Roberts**, being duly sworn, deposes and says he is the Owner and President of Commercial Propane Service LLC, that he has personal knowledge of the matters set forth in the foregoing verified application, and the statements contained therein are true and correct to the best of his information, knowledge and belief.



Michael W. Roberts

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 17 day of July 2014.



Notary Public (SEAL)

My Commission Expires:
June 18, 2015

