

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

<i>Electronic</i> Investigation of Jurisdictional Status)	Case No.
of East Kentucky Midstream, LLC, and of its)	2022-00238
Compliance with KRS Chapter 278, 807 KAR)	
Chapter 005, and 49 CFR Parts 191 and 192)	

East Kentucky Midstream, LLC
Post Hearing Brief

Comes East Kentucky Midstream, LLC (“EKM”) and in compliance with the Order entered May 22, 2025, hereby provides its initial post-hearing brief.

Introduction

Regulation of EKM under Kentucky law falls under two categories: safety and economic. EKM’s predecessor, Jefferson Gas, was a gathering system (a.k.a. Kentucky “farm tap system”) for purposes of Kentucky and federal law. For safety purposes, like its predecessor, EKM is regulated by the Public Service Commission (the “Commission”) for compliance with PHMSA pipeline safety standards via the Commission’s certification as a state authority. For Kentucky economic regulation purposes (rates and terms of service), EKM is a gathering system, and therefore not a utility under KRS 278.040. As such, it is largely exempted from Commission regulation under KRS ch. 278.

Kentucky Frontier Gas (“KFG”) initiated this investigation in an attempt to obtain Commission regulation of the price it pays to EKM for natural gas. KFG acquired the former Public Gas utility system knowing its location on the EKM system and the terms of the supply agreement with EKM. KFG now complains that the price for gas on EKM is higher than what it pays

on other systems. Considering the EKM farm tap tariff rate approved by the Commission, the age and condition of the EKM system, and the importance of the system to Kentucky producers, the price for gas charged by EKM to KFG is fair and reasonable.

The Commission does not need to exercise additional jurisdiction over EKM beyond the existing farm tap regulation in order to protect consumers or for conformity with Kentucky law. PHMSA safety protections have increased in recent years, and EKM must fully comply with those regulations. EKM has addressed the condition issues raised in the Sander Report.¹ To further address safety concerns raised by the Sander Report, EKM is willing to install additional meters on its main lines to clarify the situation for disputed clusters of lines serving KFG customers. With respect to economic regulation, full-scale utility regulation of EKM is not required under KRS ch. 278, nor is it in the public interest. Imposing additional rate and terms of service regulation on EKM will only increase regulatory burdens and costs that will ultimately be passed forward to utility customers and back to natural gas producers.

Procedural History

The Commission initiated this investigation on August 11, 2022, in response to an application for a declaratory order filed by KFG in Case No. 2022-00224 regarding jurisdiction over EKM. Specifically, the Commission inquiry was whether EKM “is selling, furnishing, or transporting natural gas to or for the public and is therefore subject to the Commission’s jurisdiction as a utility under KRS 278.040”; and (2) “the pipeline owned and operated by [EKM] should be regulated for compliance with federal pipeline safety standards pursuant to KRS 278.495(2).”²

¹ See Final Report of Sander Resources, “*Regulatory Status of East Kentucky Midstream, LLC (EKM) Pipeline System*,” dated June 30, 2024 (“Sander Report”) p.8.

² 8/11/22 Order p. 1. Note that citation to Orders in this case (No. 2022-00238) do not give the case number or caption.

The Commission subsequently expanded its investigation to include whether EKM is subject to “utilities jurisdiction” under any provision of KRS ch. 278.³ The investigation has included several sets of data requests, with responses thereto; a formal conference on October 14, 2022, at which sworn testimony was taken; depositions taken by Commission staff of both EKM and KFG employees (one of whom is now employed by the Commission); an initial and subsequent final report by a third-party consultant for the Commission (Sander Resources); additional data requests and responses regarding the report’s findings; and a public hearing on May 19, 2005, with sworn testimony and subsequent post-hearing data requests and responses from EKM.

Statement of Facts

In 2021, EKM acquired the assets of Jefferson Gas, LLC (“Jefferson Gas”) for a gathering system located across several counties in Eastern Kentucky.⁴ The assets are a system of pipelines gathering gas from local producers and delivering it to the interstate transmission system, wholesale customers, and farm tap customers. It is important to note that there are no gas treatment or processing facilities on the EKM system.⁵ The system consists of Lines A-1, A-2, A-3, A-4, A-5, C, J, KZ East and KZ West, and stretches East and South from Clark County across multiple counties extending to Ashland, Kentucky.⁶ As discussed during the hearing, available natural gas production in the region is transmitted towards the C-line from multiple directions at low pressures.⁷ When there is local production in excess of local demands, it is sold

³ 8/12/22 Order pp. 1,2.

⁴ See EKM Response to 1 AG 05, containing the purchase agreements for the assets of Jefferson Gas; see also EKM Response to 2 PSC 05; 11/28/22 Direct Testimony of J. Justice, p.1.

⁵ See EKM Response to 1 PSC 01 and attachments thereto. One of the key characteristics of a gathering system is the absence of natural gas processing plants. 49 C.F.R. § 192.8(b). See also Sander Report, p.4.

⁶ See EKM Response to 1 PSC 02 and 03.

⁷ See J. Banks 5/19/25 Hearing Testimony (10:47:32); see Direct Testimony of Jack Justice p. 6; C. Sims 5/19/25 Hearing Testimony (9:12:01).

into the interstate system at Van Lear.⁸ When there is insufficient local production, supplies are supplemented from the interstate system at Means.⁹ At its heart, EKM is a classic Appalachian gathering system, a type recognized in PHMSA guidance documents.¹⁰

EKM provides gathering service for nearly 30 companies producing natural gas in Eastern Kentucky.¹¹ According to the Sander report, EKM has 49 connections to sources of production from 467 wells.¹² On EKM's system there are 325 "farm tap" customers.¹³ This number does not include producers' "farm-tap" customers on producer lines connected to EKM. As another consequence of its gathering function, EKM sells gas to the City of West Liberty for its local distribution facilities and for the East Kentucky Correctional Complex,¹⁴ and to the privately-owned KFG.¹⁵ Like its predecessor, when local demand for gas exceeds local production, such as during extreme cold temperatures or during periods of low production, EKM is able to supplement locally-produced gas from TC Energy. As a result, since acquiring the system, EKM has not had to curtail or interrupt service to any customer due to shortage of natural gas supplies.

When owned by Jefferson Gas, the system was expressly categorized as a gathering system, and not as a utility. In 1999, the Commission stated that Jefferson Gas was not a KRS 278.010(3)(b) utility, but was regulated as what "is commonly referred to as a 'farm tap sys-

⁸ See J. Banks 5/19/25 Hearing Testimony (10:47:32). Without the availability of the full hearing recording, EKM in this brief gives (a) the hearing witness whose testimony counsel's notes indicate included support for the footnoted statement(s) and (b) the start time for his or her testimony.

⁹ See J. Banks 5/19/25 Hearing Testimony (10:47:32).

¹⁰ See discussion in "Safety Regulation of EKM" below.

¹¹ See EKM Response to 1 PSC 04.

¹² See Sander Report p.2; Sander Resources *Preliminary Report* (June 12, 2024) p.2.

¹³ See EKM Response to 2 PSC 01 and attachment; see also EKM Response to Post Formal Conference PSC 01(c); KRS 278.485.

¹⁴ See respective contracts attached to EKM Response to PH PSC 01.

¹⁵ See Supplemental EKM Response to 1 PSC 09; see also EKM Response to 2 PSC 09.

tem.”¹⁶ A 2013 PSC Staff Opinion stated that, unlike a jurisdictional utility, Jefferson Gas was allowed to abandon a portion of its gathering system serving farm-tap customers without obtaining PSC approval.¹⁷ In 2009, the Federal Energy Regulatory Commission (FERC) concluded that the Jefferson Gas system was a gathering facility exempt from FERC jurisdiction over rates and other terms of service.¹⁸

Safety & Economic Regulation Arguments

There are undeniable safety considerations throughout the natural gas industry, including the appropriate regulation of various types of pipeline systems and utilities. All systems must comply with the appropriate state and/or federal requirements. On the other hand, in arriving at a fair price paid for natural gas, there are degrees of economic regulation of various segments of the natural gas industry. These range from unregulated well-head prices and FERC interstate transmission rates under federal law, to regulated retail rates and terms of service of utilities under state law. EKM and similar gathering systems in Kentucky must comply with PHMSA rules, but are largely exempt from Commission regulation of rates and terms of service beyond the requirement of a farm tap tariff. These safety and economic regulatory requirements and why they are appropriate for EKM are discussed in more detail below.

¹⁶ Case No. 1998-00499, 2/16/19 Order p.1.

¹⁷ PSC Staff Opinion 2013-014, dated 10/23/13, pp. 3-4.

¹⁸ See Responses to 1 AG 13, 1 PSC 7, and 2 PSC 08. “Jefferson owns and operates approximately 400 miles of natural gas gathering lines in ten counties in eastern Kentucky.... Jefferson is not a ‘natural gas company’ as defined by the NGA, nor does it currently own or operate any facilities or provide any services that are subject to the Commission’s jurisdiction.” *Columbia Gas Transmission, LLC and Jefferson Gas, LLC*, 129 FERC ¶ 61,029, at P 4. “For these reasons, the Commission concludes that the application of the primary function test criteria to the facilities to be abandoned supports a finding that the primary function of the facilities will be gathering once the facilities are abandoned by sale.” *Id.* at P 24.

Safety Regulation of EKM

As noted above, EKM's primary function is to collect locally-produced gas from multiple producing wells and supply it in bulk to the market. Since it is neither a utility nor a master meter system,¹⁹ EKM is generally regulated by the Commission for compliance with PHMSA pipeline safety standards for gathering and transmission through the Commission's certification as a state authority under 49 U.S.C. § 60105 and its penalty and enforcement authority under KRS 278.992. Two segments of EKM pipeline meet the federal safety-regulation definition of "transmission line" and are regulated for safety under KRS 278.495(2), "consistent with federal pipeline safety laws."²⁰ The "transmission" designation of any segment of EKM for pipeline safety purposes therefore does not change the recognized gathering function of the EKM system for non-safety, economic regulation purposes.

The Commission may take administrative notice of its recent inspection reports for safety purposes, which classify EKM as a Type-B gathering and low-pressure intrastate transmission system, and of EKM's compliance with all PHMSA rules. When initiating this investigation, the Commission noted that the transmission-line segments had recently been inspected by PSC Staff, and no violations were cited.²¹ In addition, EKM has addressed the condition issues identified in the Sander Report that raised safety concerns.²²

Relevant to safety-regulation purposes, the American Petroleum Institute (API) publishes recommended practices relating to classification which are incorporated by reference into federal

¹⁹ A master meter system is "a pipeline system for distributing gas within a definable area ... where the operator purchases metered gas from an outside source for resale through a gas distribution pipeline system"; the ultimate consumer "either purchases the gas directly or by other means, such as through rents." KRS 278.495(1)(b).

²⁰ 8/11/22 Order p. 5.

²¹ 8/11/22 Order p. 5.

²² See 7/22/24 EKM Comments to Sander Report, attachment pp.1-2.

minimum safety standards for gas transportation by pipeline (49 C.F.R. Part 192) — the API RP 80 Guidelines for the Definition of Onshore Gas Gathering Lines (“API 80”).²³ The PSC has referenced API 80 in making jurisdictional determinations about pipelines.²⁴

API 80 § 2.2(a)(1) defines a gas *Gathering Line* in relevant part as “any pipeline or part of a connected series of pipelines used to transport gas from the furthestmost downstream point in a production operation to the furthestmost downstream” of listed. Section 2.2.1 explains (emphasis added):

The gathering of gas from multiple production operations can be a complex procedure. Because a gathering system may extend over a large geographical area, it is not uncommon for taps on gathering systems to serve numerous residential consumers [such as farm taps] as well as to make intermediate deliveries to local distribution facilities or large volume end users.

The complexity of typical Appalachian operations” stems from circumstances in which “natural gas production, gathering and transmission systems have evolved around the producing fields in an interlacing grid that has moved gas from the wells to nearby markets.” API 80 § 3.1.5.2.

That interlacing grid supports production from wells that are often “long life, low pressure, and economically marginal” and are typically operated by small, independent producers. *Id.*

§ 3.1.5.2; *see also id.* Figures B-11 to -13.

Function is important to determine “where a gathering line ends.” API 80 § 2.2.1. A line “continues to fulfill the gathering function until it reaches a defined and recognized endpoint

²³ Current 49 CFR § 192.7(b)(4) incorporates API 80 (1st ed. Apr. 2000) by reference and notes the 49 CFR § 192.8(a) requirement that it be used “to determine if an onshore pipeline (or part of a connected series of pipelines) is an onshore gathering line.” API 80 (1st ed. Apr. 2000) is available at <https://law.resource.org/pub/us/cfr/ibr/002/api.80.2000.pdf> (last visited 6/12/25).

²⁴ *See, e.g.*, Case No. 2017-00120, *In re Pollitt Enterprises, Inc. et al.*, 12/27/17 Order p.3 fn.5, pp. 12-14.

regardless of intermediate processes and/or deliveries along the line,” *id.* § 2.2.1.1 (emphasis added). API 80 § 2.2.1.2.3 (footnotes omitted) states:

By its very nature, a common function of gas gathering is to gather (“commingle”) gas from different sources for processing, treatment, and/or delivery to an end-user or other pipeline. The basic function of the gathering line — to “gather” gas for delivery to another pipeline (e.g., a gas transmission line) or to an end user — would not change if no processing or treatment were needed. The gathering function extends at least as far as the last point of commingling....

Although API 80 gathering definitions are helpful in understanding the gathering function of EKM’s system as a whole in the context of Appalachian production fields, its pipeline safety classifications are not intended to govern state economic-regulation jurisdictional designations. Indeed, API 80 § 2.6.2.4 clearly states:

FERC or other agency pipeline designations were not developed with pipeline safety as the regulatory purpose and as such may represent and include concepts and assumptions that are not relevant to Pipeline Safety Act objectives. Conversely, the definitions presented herein are not designed to address issues — nor are they intended for application—in any regulatory context other than gas pipeline safety pursuant to the federal Pipeline Safety Act.

As Lindsay Sander testified, PHMSA safety classifications are separate and distinct from Commission or FERC definitions for purposes of economic regulation.²⁵

Commission Economic Regulation of EKM

“Every gas pipeline company obtaining gas from producing wells located within Kentucky” (a category that includes EKM) is required by KRS 278.485 to furnish gas service to specially-eligible points of service. They are not limited to such service, and EKM has at times extended service to meet community needs.²⁶ Such service is not “to or for the public,” and does not change a system’s gathering function. For EKM’s predecessors and other such pipeline com-

²⁵ L. Sander 5/19/25 Hearing Testimony (>9:12:01, <10:47:32).

²⁶ See, e.g., J. Banks 6/19/25 Hearing Testimony (10:47:32); 8/11/23 J. Banks Affidavit p. 2.

panies, Commission decisions make a distinction between KRS 278.485 (“farm-tap”) service subject to limited regulation of rates and those gas-furnishing services subject to full Commission utility regulation.²⁷ To make the distinction and in harmony with other KRS Chapter 278 provisions, the Commission focuses on the primary use of the pipeline facilities, such that pipeline primarily used to gather natural gas from producers or for low-pressure distribution of natural gas is not a utility.²⁸

To classify a system of gas-carrying pipes, the Commission “must first determine its primary function.”²⁹ The Commission has examined similar jurisdictional situations in relatively recent orders for two other systems. In a 2017 Order, it recapped the long saga of the Pollitt System,³⁰ which operated without regulatory oversight from its 1993 construction to April 1999, when the Commission opened an investigation into its regulatory status. It was found then that the pipeline system had lost its gathering line classification because it no longer served a wholesale customer and had become a distribution line (and a utility) because of its “sole function of provision of natural gas to individual retail customers.”³¹ Then, in early 2017, it was discovered

²⁷ Decisions regarding EKM’s predecessor are cited above, and other systems’ decisions are discussed below. *See, also, e.g.*, Case No. 2020-00346, *Peoples Gas KY LLC et al. Application*, 2/22/21 Order pp. 8-10 (raising question for investigation whether Delta Natural should have a separate farm-tap tariff rather than providing such service under its utility tariff schedules).

²⁸ *See, e.g.*, KRS 278.504 defining a *local distribution company* to be a utility or other person transporting or local distribution and sale of natural gas for ultimate consumption, but excepting *inter alia* “any part of a pipeline primarily used for storage or gathering or low pressure distribution of natural gas.”

²⁹ Case No. 2017-00120, *In re Pollitt Enterprises, Inc. et al.*, 12/27/17 Order p.11; *see also* Case No. 2018-00263, *Georgia Johnson v. Peoples Gas KY, LLC*, 3/27/20 Order p.12 (“classification of a gas pipeline is determined by its primary function”; citing *Pollitt Systems* 12/27/17 Order at pp. 11-12.

³⁰ Case No. 2017-00120, *In re Pollitt Enterprises, Inc. et al.*, 12/27/17 Order pp. 3-6.

³¹ *See* 12/27/17 Order p.3, citing Case No. 99-130, *The Gas Group*, 9/2/99 Order.

that the system was still operating and a new investigation was opened.³² The Commission found that the Pollitt System at that time did not serve a wholesale customer other than on an intermittent, at-will basis and that “[t]he indefinite nature of this transaction prevents a finding that the function of the Pollitt system is to gather and commingle gas from different sources for delivery to [the wholesaler’s] pipeline”; therefore, the Pollitt System was a distribution line subject to the Commission’s jurisdiction as a utility.”³³ As indicated in the 2017 Order, however,³⁴ after the Pollitt System subsequently entered into an agreement to transport gas from producer X through the system to an interconnect with a downstream pipeline, the Commission then “recognized the Pollitt System as a gathering system with a comingling gathering function”:

[A]s an operator of a gathering system, Pollitt is not a gas distribution utility, and its retail farm tap service is subject only to the Commission’s more limited jurisdiction under KRS 278.485.

Case No. 2018-00263, *Georgia Johnson v. Peoples Gas KY, LLC*, 3/27/20 Order p.13.³⁵

In the 2020 *Peoples Gas* decision, the Commission dismissed a complaint that Peoples Gas (which provided retail, farm-tap service to approximately 3300 customers in eastern Kentucky) unlawfully terminated service to customers along a pipeline for which the producer was discontinuing the supply of gas. The Commission contrasted the more comprehensive service obligations of a gas distribution utility with those of a farm-tap system operator, and found that Peoples Gas was not a utility and had no duty to maintain continuity of service.³⁶ It did not provide retail service “to or for the public,” an essential part of the KRS 278.010 definition of a

³² 12/27/17 Order pp. 3-4.

³³ 12/27/17 Order p.14.

³⁴ 12/27/17 Order p.14.

³⁵ Citing Case No. 2018-00103, *Pollitt Enterprises*, 6/11/19 Order pp.1-2 (which itself cites a settlement of the court-review action from the 2017-00120 Order and the earlier court-review action of the 99-130 Order).

³⁶ Case No. 2018-00263, *Georgia Johnson v. Peoples Gas KY, LLC*, 3/27/20 Order pp. 5-6, 18.

utility, but rather “to a limited class of persons who, based on proximity to production facilities, are entitled to gas service pursuant to KRS 278.485.”³⁷ Furthermore, its operation of the farm-tap system on the gathering pipelines was “functionally identical” to that of its predecessor (Equitable Gas) for which there were prior determinations that (a) the service was farm-tap (not utility) and (b) both Peoples Gas and Equitable Gas “have been entitled to rely in making business decisions on the Commission’s jurisdictional determination.”³⁸ In approving a later proposal to merge Peoples Gas into Delta Natural Gas, the Commission noted that “if Peoples [Gas] were a public utility and not a farm-tap system,” it would be reviewing the proposed transaction under the KRS 278.020 transfer/acquisition provisions.³⁹

EKM is “functionally identical” to its predecessor Jefferson Gas, which was found to be a gathering system by both the Commission and FERC. For economic regulation, it remains a farm-tap system, now serving its farm-tap customers under an approved tariff on file with the Commission.

Potential Resolution Preserving Kentucky Gathering / Farm Tap Systems and Addressing Sander Report Safety Concerns

“It shall be the policy of the Public Service Commission to facilitate greater utilization of the natural gas produced or available for production within the state, where this can be done without detriment to the customers of utilities under jurisdiction of the commission.”⁴⁰ Since

³⁷ *Georgia Johnson*, 3/27/20 Order pp. 14-16.

³⁸ *Georgia Johnson*, 3/27/20 Order pp. 16-17. The Order reviewed those determinations at pp. 8-11, 14, noting that beginning with a 1958-59 transaction, the Commission had held that Equitable was a public utility (Case No. 3563) but, in a 1992 jurisdictional investigation case (No. 92-00168), and in decisions thereafter had recognized Equitable’s and People’s status as farm-tap companies.

³⁹ Case No. 2020-00346, *Peoples Gas KY LLC et al. Application*, 2/22/21 Order p. 5.

⁴⁰ KRS 278.507(1).

1984, this law has supported the Commission's lighter regulatory touch with regard to gathering systems and non-interference with matters directly affecting production and price of natural gas in Kentucky.

KFG initiated this proceeding by requesting a declaratory order that the Commission has rates and services jurisdiction over EKM.⁴¹ KFG has purchased multiple, small, often non-contiguous natural gas utilities in Eastern Kentucky. KFG is attempting to operate these disconnected utilities under a unified tariff despite their geographic separation. It does so in an effort to streamline its regulatory burden, lower its costs, and presumably thereby earn a greater return on investment. KFG stated on the record that it has no interest in or experience operating a gathering system for natural gas producers. All gathering systems are not alike, and EKM is no exception. It is one of the oldest systems in Eastern Kentucky, going back to the Capitol Oil Company (later Ashland Oil), and most of the KFG utility on EKM is located at the far end of the system.⁴² As such, it is more expensive to operate and maintain and continue to supply KFG customers. Those expenses were reviewed in Case No. 2023-00112 and support EKM's filed farm tap tariff. Yet the prices paid by KFG are well within the range of prices charged by other systems for gas supply.⁴³ Even if the Commission were to view EKM as an intrastate pipeline under KRS 278.505, the contractual price for gas supplied to KFG by EKM is already fair and reasonable,

⁴¹ Case No. 2022-00224, *Electronic Application of Kentucky Frontier Gas, LLC for a Declaratory Order Regarding Commission Jurisdiction* (filed July 22, 2022), Application for Declaratory Order.

⁴² L. Sander 5/19/25 Hearing Testimony (>9:12:01, <10:47:32); John White 6/19/25 Hearing Testimony (11:37:02).

⁴³ See 11/28/22 Direct Testimony of Jack Justice, at p.5 (comparing Schute testimony that gas cost of EKM was about \$12.70/Mcf, with Paintsville Utilities gas supply costs of \$26.50/Mcf and Columbia Gas billed supply cost and delivery charge of \$15.04/Mcf).

and allows EKM to safely and efficiently operate the system to facilitate natural gas production in Eastern Kentucky counties.

Regarding safety, the Sander Report identified — and KFG raised repeatedly during the hearing — ill-defined areas of ownership or operation.⁴⁴ The Sander Report identified seven areas with clusters of customers who are either KFG farm tap or home customers,⁴⁵ some of which have EKM farm tap customers nearby. These areas are labeled as “Disputed.” EKM recognizes that the two systems evolved organically in some areas as a combined gathering/farm tap/utility system prior to the Public Gas utility being sold as a separate entity and then acquired by KFG. EKM also acknowledges that modern Commission farm tap regulations require meters to be located as “near to the gathering line as practicable.”⁴⁶ It is unclear from the record why or how KFG considers some of the customers it acquired from Public Gas as farm taps and others utility customers. However, to address the questions raised during the hearing by KFG and the Sander report regarding responsibility for these disputed clusters of customer lines,⁴⁷ EKM is willing to install supply meters as near as practicable to its gathering line for these communities, and at its own cost. This should ensure those clusters of KFG “farm tap” customers full rights as utility customers of KFG, and provide a clear demarcation of where EKM’s gathering system ends and KFG’s utility service begins. As always, EKM commits to providing assistance to KFG where practicable to ensure the safe operation of their utility segments of the system. This proposed resolution supports “greater utilization of the natural gas produced or available for pro-

⁴⁴ See, e.g., John White 6/19/25 Hearing Testimony (11:37:02); Sander Report at pp. 25, 26, 27, 28, 38, 41 and 42.

⁴⁵ The seven subsystems in question are Pine Ridge, High Falls, Bear Pen Hollow, Cliftview, Simpson, Jackson Wolverine, and SW Elkatawah.

⁴⁶ 807 KAR 5:026, Section 5(5).

⁴⁷ See C. Sims Hearing Testimony (9:12:01).

duction within the state, ... without detriment to the customers of utilities under jurisdiction of the commission,” since it allows the gathering functions of EKM to continue for producers while better protecting the safety of service to KFG customers.

Conclusion

EKM is an important part of the production and gathering system in multiple counties in Eastern Kentucky, both historically and for the future. As local production increases or declines in response to natural gas prices, the EKM system allows producers access to local customers to meet local demands, and access to interstate markets when local production exceeds local demands. It has evolved as an important, uninterrupted part of the gas supply chain for customers and communities in the region. Indeed, as is typical in Appalachia, gathering systems are an integral part of the symbiotic relationship between producers, consumers, and interstate markets that allow the cost-efficient use of gas from typically long-life, low-volume wells and provide rural customers access to gas at their homes and businesses. Regulating EKM as anything other than a gathering system will adversely affect both producers and consumers in the region — producers for whom the system was built and end users who might not otherwise not have access to gas service.

Respectfully submitted,

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