

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

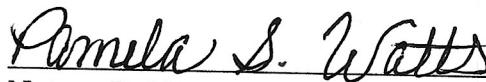
COUNTY OF BOYD

Affiant, H. Jay Freeman, after being first sworn, deposes and says 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 15th day of January, 2025.



Notary Public

Registration Number: KYNP24985

My Commission expires: 4/6/2025



Pamela S. Watts  
Notary Public  
State at Large - Kentucky  
My Commission Expires April 6, 2025  
ID # KYNP24985

**WITNESSES FOR ALL RESPONSES: Jay Freeman**

1. Refer to Commission Staff's Request for Information (Staff's Request) that was issued in Appendix B to the final Order in Case No. 2024-00295, Item 1(b), invoices for the activity period of May 2024 through October 2024, in regards to the rates used for the "Ky PSC Approved Tariff Rate".

a. Confirm that the "Ky PSC Approved Tariff Rate" used in these invoices include the base usage rate of \$4.24 per Mcf and the Gas Cost Recovery (GCR) rates as approved by the Commission for each quarter period.

**Yes, we confirm that Natural Energy's "Ky PSC Approved Tariff Rate" used in these invoices included the base usage rate of \$4.24 per Mcf and the Gas Cost Recovery (GCR) rates as approved by the Commission for each quarter period.**

b. If not, then explain where each of the invoice's "Ky PSC Approved Tariff Rate" is derived.

**Please see response to question 1.a.**

2. Refer to Natural Energy's response to Staff's Request, Item 1(d). Also, refer to the Natural Energy TFS 2024-00212 addendum to the special contract (amended special contract) originally approved in Case No. 2018-00164. Explain in detail why, under the terms of the amended special contract, Natural Energy would consider the Contract Customer exempt from the Gas Cost Recovery (GCR) calculation, in a situation in which the Contract Customer is being charged the GCR rate.

**NEUC's tariff section 3 provides for a special contract rate to any customer. Section 9 of the tariff requires all industrial customers to execute a special contract. The contract customer in this case is an industrial customer. The cost of gas in a special contract is only one of several factors that are included to meet the specific service requirements of each customer. In this case, the customer needed an extension of NEUC's facilities for service, which the customer agreed to reimburse a portion of the cost (section 2). The contract requires the customer to purchase all of its natural gas needs from NEUC and for NEUC to provide a minimum daily firm supply (section 1). The contract also has specific conditions for billing and payment, term, termination, security and minimum delivery pressure, which differ from the billing, payment, budget and other terms of the tariff. The cost of gas initially was based on a market adjusted rate. None of these issues is included as part of the tariff for non-industrial customers. Because of a change of circumstances and consistent with the terms of the contract, the parties agreed to have a rate based on NEUC's approved tariff rate. This was a negotiated element of the revised contract.**

**All of these issues relate to the specific needs and requirements of this customer. All were negotiated as part of a mutually beneficial service arrangement.**

**The cost of gas, regardless of how it is determined, is only one component of the total terms and conditions of the contract. Unlike the GCR, which only reflects gas cost, the rate in the special contract includes the costs of all components of the agreement, not just gas. Including this contract rate in the GCR will distort the actual tariff gas cost.**

**Classifying the customer as a tariff customer based only on one provision of the contract, essentially negates the terms of the contract and makes the customer subject to terms of service associated with a tariff customer.**