

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COLUMBIA GAS OF KENTUCKY, INC.)	
)	
COMPLAINANT)	
)	CASE NO.
V.)	2009-00340
)	
NATURAL ENERGY UTILITY CORPORATION)	
)	
DEFENDANT)	

ORDER TO SATISFY OR ANSWER

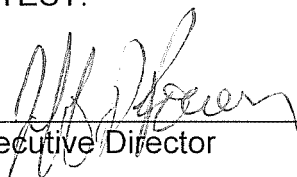
Natural Energy Utility Corporation ("Natural Energy") is hereby notified that it has been named as defendant in a formal complaint filed on August 21, 2009, a copy of which is attached hereto.

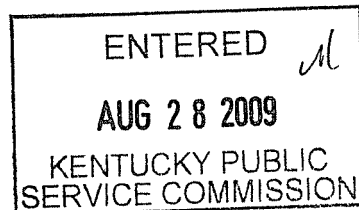
Pursuant to 807 KAR 5:001, Section 12, Natural Energy is HEREBY ORDERED to satisfy the matters complained of or file a written answer to the complaint within 10 days of the date of service of this Order.

Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

By the Commission

ATTEST:


Executive Director



Columbia Gas[®]
of Kentucky

A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

August 20, 2009

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED

AUG 21 2009

PUBLIC SERVICE
COMMISSION

Re: Columbia Gas of Kentucky, Inc. 00340
General Rates Case No. 2009 -

Dear Mr. Derouen:

Please find attached an original and ten (10) copies of the Complaint of Columbia Gas of Kentucky, Inc. and Request for a Deviation of a Commission Rule and Request for Expedited Consideration. This is the complaint submitted via fax to the Commission on August 20, 2009.

Very truly yours,

Stephen B. Seiple (gmc)

Stephen B. Seiple
Assistant General Counsel

Enclosures

(d) Columbia currently provides service to customers in Ashland, Kentucky. By Order dated July 27, 2009, in Case No. 2009-00278, the Commission issued a Certificate of Convenience and Necessity to Columbia authorizing Columbia to bid on a franchise in Ashland so that Columbia may continue serving its customers in the city.

(e) Three of Columbia's commercial customers in a "strip" mall shopping center in Ashland have requested that Columbia discontinue their service. The customers stated that the reason for the requested disconnection of service was because the customers "were changing gas service to another provider." Columbia has reason to believe that these customers are requesting disconnection of their service with Columbia so that they can initiate service with NEUC.

(f) Upon information and belief, Columbia believes that NEUC intends to serve these three Columbia customers off of a two-inch main that NEUC constructed for the primary purpose of serving customers within Columbia's traditional Ashland service territory. It appears to Columbia that NEUC stands ready to serve these customers immediately upon Columbia's disconnection of service.

(g) KRS 278.020 limits the construction that a utility may undertake without obtaining prior Commission approval. This statute requires a utility to obtain from the Commission a Certificate of Public Convenience and Necessity before constructing any facilities unless the facilities are ordinary extensions of existing systems in the usual course of business.

(h) The General Assembly did not define "ordinary extensions." In order to provide some definition the Commission promulgated 807 KAR 5:001, Section 9(3). Under this administrative regulation, an extension is in the ordinary course of business if it: (1) does not result in sufficient capital outlay to materially affect the constructing utility's financial condition or require an increase in the constructing utility's rates; (2) does not conflict with the service of a ju-

risdictional utility operating within the same area; and, (3) does not result in wasteful duplication of plant. See *In Re Natural Energy Utility Corporation v. Columbia Gas of Kentucky, Inc.*, PSC Case No. 2003-00422, Order (September 1, 2004) at 5.

(i) NEUC's construction of a main to serve customers currently served by Columbia does conflict with Columbia's existing service in Ashland, and results in wasteful duplication of plant. While Kentucky law does not establish exclusive service territories for natural gas utilities, the Commission has recognized that utilities have general service areas and another utility's extension into that area cannot be considered an extension in the ordinary course. *Id.* at 7.

(j) To the best of Columbia's knowledge and belief, NEUC has not filed an application requesting the issuance of a Certificate of Public Convenience and Necessity for Ashland's plans to serve customers currently served by Columbia.

(k) Columbia therefore requests that the Commission expedite its consideration of this Complaint and promptly order that NEUC may not serve any customers currently served by Columbia in Ashland until NEUC has filed, and the Commission has approved, an application requesting a Certificate of Public Convenience and Necessity. Expedited Commission action on this Complaint is required so that Columbia does not lose commercial customers due to the improper and unlawful actions of NEUC.

Request for Deviation from 807 KAR 5:006, Section 12(1)

(l) As explained above, three of Columbia's customers have requested that their natural gas service be disconnected as of August 18, 2009. Columbia received these requests on July 22, 2009. Pursuant to 807 KAR 5:006, Section 12(1) Columbia has three business days in which to effectuate the disconnections of service. If the service has not been disconnected as requested after the expiration of the three business days the customers are not responsible for the

charges associated with utility service beyond the end of the three-day period. Columbia did not disconnect service on August 18.

(m) Pursuant to 807 KAR 5:006, Section 27, Columbia requests a deviation from 807 KAR 5:006, Section 12(1) so that Columbia will not be forced to disconnect the three customers, nor be required to provide free service. Columbia would like to maintain service to the three customers, with the customers being responsible for the natural gas service provided, during the pendency of this dispute. In order to do so, the Commission will need to grant Columbia a deviation from 807 KAR 5:006, Section 12(1). Should the Commission decide to grant Columbia the relief sought herein, and prohibit NEUC from providing service to Columbia's existing customers until NEUC applies for and receives a Certificate of Public Convenience and Necessity, customers should not be left without natural gas service. Maintaining service to customers, with the concomitant responsibility of paying for such utility service, during the pendency of a dispute constitutes good cause for the granting of a deviation from the cited Commission rule. Columbia therefore requests that the Commission maintain the status quo until the Commission has acted upon this Complaint.

WHEREFORE, Columbia respectfully requests that the Commission: (1) promptly order that NEUC may not serve any customers currently served by Columbia in Ashland until NEUC has filed, and the Commission has approved, an application requesting a Certificate of Public Convenience and Necessity; (2) grant Columbia a deviation from 807 KAR 5:006, Section 12(1) so that it need not immediately disconnect the service of customers, and so that customers remain responsible for all gas consumed during the pendency of this Complaint; and, (3) promptly rule upon this Complaint and Request for Deviation from 807 KAR 5:006, Section 12(1) so that Columbia is not adversely impacted by NEUC's improper and unlawful actions.

Dated at Columbus, Ohio this 20th day of August 2009.

Respectfully submitted,
COLUMBIA GAS OF KENTUCKY, INC.

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