

DUANE A. BURNS
SUSAN KOENIG
JEROM E. JANULEWICZ

LAW OFFICES OF
Mayer, Burns, Koenig & Janulewicz

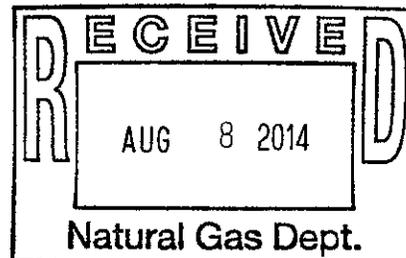
308 NORTH LOCUST STREET, SUITE 306
P.O. BOX 2300
GRAND ISLAND, NEBRASKA
68802-2300
TELEPHONE 308-384-1120 FAX 308-384-3526

A.C. MAYER
(1920-2004)

EARL D. AHLSCHEDE
(1940-2004)

August 5, 2014

Nebraska Public Service Commission
1200 N Street, Suite 300
Lincoln, NE 68508



RE: SourceGas, NG-0072.1 and NG-0078

Dear Public Service Commission Members:

The City of Wood River, Nebraska objects to the fee applications submitted by SourceGas, identified as actions NG-0072.1 and NG-0078 before the Nebraska Public Service Commission (PSC). SourceGas should not be permitted to obtain "piecemeal" increases through a process of implementing new and additional fees and increasing previously approved fees. Rather, recoupment of expenses by SourceGas should be accomplished, if at all, by a general rate increase application through which the PSC and interested parties could analyze and respond to the company's total rate and cost structure.

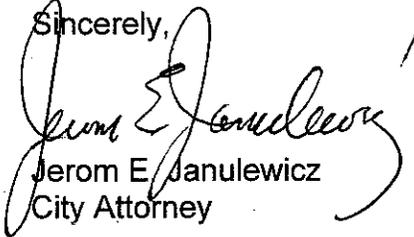
In 2002, SourceGas implemented a customer service fee upon residential customers in Wood River. The initial monthly fee was \$5.00, but was increased in September 2006 to \$13.50, only to be reduced to \$6.00 by the PSC, with periodic increases allowed thereafter. In November 2009, SourceGas raised this fee to \$15.54 subject to approval of the PSC, which, a year and one-half later, approved a fee of \$12.73. Less than one-year thereafter, the monthly customer service fee was increased to \$15.54, and has fluctuated since.

SourceGas initiated a pipeline replacement fee in 2013, and now seeks to increase this fee and add a new fee which it calls a "safety and integrity rider." If approved, residential customers in Wood River will pay total monthly fees of \$17.00, a 340% increase from the original \$5.00 customer service fee implemented in 2002. These fees are, of course, in addition to the actual cost of natural gas and the gas distribution fee paid by customers. Small commercial monthly fees will increase from \$24.35 to \$27.07 while large commercial customer monthly fees will increase from \$63.51 to \$82.09.

Finally, SourceGas alleges in its application that fee increases are justified, as it is required to move or relocate gas lines at its expense. However, Wood River recently asked SourceGas to relocate a service main pipe in an alley to a lower grade in order to accommodate a city paving project. SourceGas responded stating that the City is responsible for this cost.

Please include this letter as part of the hearing record.

Sincerely,



Jerom E. Janulewicz
City Attorney

cc: William Austin, Public Advocate
Chris Dibbern, NACE
Greg Cramer, Mayor