



PO Box 700  
Jamestown, NY 14702-0700  
Phone (716) 661-1680  
Fax (716) 661-1617

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Information: Becky Robbins 661-1680

November 28, 2018

### **BPU Contracts with EmKey Transportation to Purchase Natural Gas Line to Power Plant**

The New York Public Service Commission (PSC) has approved the sale of the EmKey Transportation natural gas pipeline assets to the Jamestown Board of Public Utilities (BPU).

The BPU and Emkey Transportation are working together to finalize the sale of the pipeline currently used to transport natural gas from Mayville to the Carlson Generation Station (Power Plant) in Jamestown.

The \$5.4 million-dollar overall purchase price with EmKey Transportation, Inc., will transfer ownership of the pipeline, assets and compression system to the BPU. A second company, Douglas Pipeline, will operate and perform maintenance on the pipeline and equipment starting after the first of the year.

EmKey Transportation, Inc. of Erie, Pennsylvania, is an affiliate of EmKey Energy, LLC. The pipeline and equipment to be purchased by the BPU was previously owned by Nornew Energy Supply. The system has been in use since 2001 when the BPU began to operate gas-fired equipment at the Carlson Station including the LM6000 gas turbine generator.

The service EmKey Gathering, a subsidiary of Emkey Transportation, Inc., currently provides was structured through a twenty-year lease agreement established in 1999 for the physical delivery of natural gas through the pipeline infrastructure. The new pipeline ownership contract will end the original lease agreement, enabling the BPU to continue receiving service through and beyond the expected 30-year life of the LM6000 unit.

Under the contract, the BPU will become the owner of approximately 27 miles of underground pipeline and associated equipment which includes a natural gas fuel compressor located in Mayville and its interconnection to the Tennessee Gas Pipeline (TGP). The TGP is a major interstate system used to transport natural gas from facilities located in southern states such as Louisiana, to northeastern states such as New York and Massachusetts.

This system has proven to be a reliable and cost-effective resource to provide fuel to the BPU's power plant, according to BPU General Manager David L. Leathers.

"The pipeline and equipment that the BPU is acquiring has the ability to deliver fuel produced by wells in Southwestern Chautauqua County and Northwestern Pennsylvania as well as inter-state gas from the Tennessee Gas Pipeline," says Leathers. "No significant changes to the way the Carlson Station receives natural gas will take place."

"As we execute this contract," states Leathers, "we will provide 'cost certainty' to our customers. As owner of the assets, the monthly expense for this physical delivery of natural gas is anticipated to be the same as the first monthly charge we paid in 2001. We expect the overall cost to remain flat or to decrease over the next 15-20 years as it has for the last 18 years. This acquisition will secure an extremely important supply of natural gas to support current and future operations at the Power Plant while protecting our customers from rate volatility."

