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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

January 27, 2012

PARTIES OF RECORD

Re: Case No. 2012-00016

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within seven days of receipt of this letter. If you have any questions, please contact Allyson Honaker at 502-564-3940, Extension 265, or by e-mail at Allyson.Honaker@ky.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

AH/kar

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File – Case No. 2012-00016
Filing of Columbia Gas Of Kentucky, Inc. to Amend its Demand Side Management Energy Efficiency and Conservation Rider

FROM: Allyson Honaker, Staff Attorney

DATE: January 27, 2012

SUBJECT: January 23, 2012 Informal Conference

An Informal Conference (“IC”) was held in this case at the Commission’s offices on January 23, 2012. A list of participants is shown in Attachment A to this memorandum. Representatives of Columbia Gas of Kentucky, Inc. (“Columbia”), Community Action Council of Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (“CAC”), and the Attorney General’s Office (“AG”) were present.

Columbia had requested the IC to update the Commission on the agreements made during the recent meeting of its Demand-Side Management (“DSM”) collaborative. Columbia explained the performance of its WarmWise Energy Efficiency Program and provided a handout that is attached to this Memorandum as Attachment B. Columbia explained that the collaborative had agreed for Columbia to continue using the same DSM surcharge it had used in the first two years of its three-year pilot rather than flowing DSM over-recoveries from years 1 and 2 through the Balancing Adjustment of its DSM surcharge mechanism, as it had proposed in its Application. Commission Staff explained that in order to maintain the same rate as is currently in effect, Columbia would have to request a deviation from its tariff regarding the calculation of the Balancing Adjustment, or possibly withdraw its Application altogether. The AG suggested that he and Columbia discuss how best to address the issue, and they agreed to inform Staff of their decision and make whatever filing is necessary.

Columbia explained why the programs had not been as successful as expected and why Columbia had not spent as much as it had budgeted for the programs over the first two years. In the first year of the pilot, 2010, more time than had been planned for was required to develop the programs prior to their roll-out. Individual programs were not started until either the third or fourth quarter of 2010. Therefore, the programs were only offered for a few months in 2010. In year 2 of the pilot, 2011, all three programs operated for the entire year, and they performed better than in 2010. Columbia explained that some program costs reported in 2011, were incurred in 2010 but were not billed and paid until 2011. Columbia also explained that it had made a change in the vendor who performed the audits in the Home Energy Audit Program, which could have played a roll in this program not being as successful as expected. In addition, the CAC representative described how the community action agencies were

promoting and emphasizing home weatherization programs provided with federal stimulus funds during the period such funding was available, in some instances, to the exclusion or detriment of the Columbia programs.

Commission Staff also expressed concern with the gas cost used in Schedule C of Columbia's Application, which included Columbia's margin rate in the calculation of its incentive adjustment. Columbia agreed to look at the calculations and make any changes necessary.

The conference was then adjourned.

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF COLUMBIA GAS OF KENTUCKY,)
INC. TO AMEND ITS DEMAND-SIDE) CASE NO.
MANAGEMENT ENERGY EFFICIENCY AND) 2012-00016
CONSERVATION RIDER)

January 23, 2012

Please sign in:

NAME	REPRESENTING
<i>Allison Homa'ne</i>	<i>PSC - Legal</i>
<i>Ron Handziak</i>	<i>PSC - FA</i>
<i>Charles Hunter</i>	<i>CAC</i>
<i>Herb Miller</i>	<i>Columbia Gas</i>
<i>Judy Cooper</i>	<i>Columbia Gas</i>
<i>Larry Cook</i>	<i>OAG</i>
<i>Dennis G. Howard, II</i>	<i>OAG</i>
<i>Smitty Taylor</i>	<i>Atty N KY.</i>
<i>Steve Seiple</i>	<i>Atty CKY via yphone</i>
<i>Dan/ Kimberly</i>	<i>PSC FA</i>
<i>Leah Faulkner</i>	<i>PSC FA</i>
<i>Jeff Shaw</i>	<i>PSC FA</i>

WarmWise Energy Efficiency Program Summary Calendar Yrs. End 2010 and 2011

WarmWise Program Calendar Year End 2010

WarmWise Program Calendar Year End 2011