

April 10, 2013

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

RECEIVED

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PUBLIC SERVICE  
COMMISSION

RE: Case No. 2013-00087

Dear Mr. Derouen:

Please find enclosed an original and ten (10) copies of the Responses of  
Columbia Gas of Kentucky, Inc., to the Commission Staff's First Request for  
Information dated March 27, 2013.

If you have any questions, please email [jmcoop@nisource.com](mailto:jmcoop@nisource.com) or call Judy

Cooper at (859) 288-0242. Thank you.

Sincerely,



Brooke E. Leslie, Counsel  
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225 Capital Avenue  
Frankfort, Kentucky 40601

Attorneys for COLUMBIA GAS OF KENTUCKY, INC.

Enclosure

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED MARCH 27, 2013**

1. Refer to Columbia's application, AMRP Form 1.0.
  - a. Provide calculations producing the billing determinants for each of the Rate Schedules shown in the column labeled "Billing Determinant # of Bills."
  - b. Explain the basis for the customer losses Columbia is projecting through May 31, 2014.
  - c. Provide actual recoveries realized through the operation of its Accelerated Main Replacement Program ("AMRP"), by rate schedule by month, since it first began charging AMRP rates.

**Response:**

- a. Attachment PSC-1 DR 01-a shows projected monthly bills for each Rate Schedule. The projections of bills are based on Columbia's forecast. The forecast starts with actual bill counts and applies information for new customers and conversions, as well as attrition.

b. Not unlike a number of gas LDCs, Columbia has experienced a year over year loss of residential and commercial customers. There are a number of possible reasons contributing to the customer losses including:

- competition from low cost electricity,
- higher first cost of natural gas equipment installation,
- heat pump use is common in moderate climates such as that in Kentucky,
- builders and developers seeking low first costs avoid the added cost of installing gas lines,
- weakened housing market and the slowly recovering economy.

c. Attachment PSC-1 DR 01-c shows recoveries realized through the operation of the AMRP by rate schedule, by month, since rates were effective in August 2010 through February 2013.

Columbia Gas of Kentucky, Inc.  
AMRP Rider Billing Determinants by Rate Schedule  
For the Twelve Months Ending May 31, 2014

Number of Bills													
<u>Rate Schedule</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Total</u>
GSR - Residential	91,474	90,852	90,595	90,511	90,824	91,786	92,640	93,180	93,329	93,143	92,524	91,754	1,102,612
SVGTS - Residential	26,272	26,093	26,019	25,995	26,085	26,361	26,606	26,761	26,804	26,750	26,572	26,351	316,669
GSO - Commercial or Industrial	9,505	9,442	9,415	9,378	9,404	9,497	9,589	9,624	9,644	9,637	9,567	9,499	114,201
GDS - Commercial or Industrial	30	30	30	30	30	30	30	30	30	30	30	30	360
SVGTS - Commercial or Industrial	4,155	4,128	4,117	4,101	4,112	4,153	4,193	4,207	4,217	4,212	4,181	4,152	49,928
IUS, IUDS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	71	71	71	71	71	71	71	71	71	71	71	71	852
SAS	1	1	1	1	1	1	1	1	1	1	1	1	12
<b>Total</b>	<b>131,510</b>	<b>130,619</b>	<b>130,250</b>	<b>130,089</b>	<b>130,529</b>	<b>131,901</b>	<b>133,132</b>	<b>133,876</b>	<b>134,098</b>	<b>133,846</b>	<b>132,948</b>	<b>131,860</b>	<b>1,584,658</b>

Columbia Gas of Kentucky, Inc.  
 AMRP Revenue by Rate Schedule by Month  
 For the Period August, 2010 Through February, 2013

Attachment PSC-1  
 DR-01-c  
 Page 1 of 3

<b>Rate Schedule</b>	<b>Aug-10</b>	<b>Sep-10</b>	<b>Oct-10</b>	<b>Nov-10</b>	<b>Dec-10</b>	<b>Jan-11</b>	<b>Feb-11</b>	<b>Mar-11</b>	<b>Apr-11</b>	<b>May-11</b>
Rate GSR, Rate SGVTS - Residential Rate GSO, Rate GDS, Rate SVGTS Commercial or Industrial	59,341	57,942	59,658	60,213	60,873	61,151	61,144	60,934	60,628	60,192
Rate IUS, Rate IUDS	39	39	39	39	39	39	39	39	39	39
Rate IS, Rate DS, Rate SAS	7,357	7,357	7,357	7,249	7,357	7,465	7,465	7,573	7,465	7,465
<b>Total</b>	<b>92,657</b>	<b>91,015</b>	<b>92,926</b>	<b>93,565</b>	<b>94,641</b>	<b>95,183</b>	<b>95,215</b>	<b>95,033</b>	<b>94,449</b>	<b>93,912</b>

Columbia Gas of Kentucky, Inc.  
 AMRP Revenue by Rate Schedule by Month  
 For the Period August, 2010 Through February, 2013

Attachment PSC-1  
 DR-01-c  
 Page 2 of 3

<b>Rate Schedule</b>	<b>Jun-11</b>	<b>Jul-11</b>	<b>Aug-11</b>	<b>Sep-11</b>	<b>Oct-11</b>	<b>Nov-11</b>	<b>Dec-11</b>	<b>Jan-12</b>	<b>Feb-12</b>	<b>Mar-12</b>	<b>Apr-12</b>	<b>May-12</b>
Rate GSR, Rate SGVTS - Residential	85,951	85,174	85,002	84,956	85,349	86,209	86,865	87,281	87,283	87,183	86,525	86,052
Rate GSO, Rate GDS, Rate SVGTS Commercial or Industrial	37,482	37,192	37,036	36,963	37,020	37,348	37,727	37,894	37,894	37,805	37,566	37,332
Rate IUS, Rate IUDS	64	64	64	64	64	64	64	64	64	64	64	64
Rate IS, Rate DS, Rate SAS	11,135	11,458	11,458	11,458	11,458	11,619	11,619	11,619	11,619	11,619	11,619	11,458
<b>Total</b>	<b>134,633</b>	<b>133,888</b>	<b>133,560</b>	<b>133,441</b>	<b>133,891</b>	<b>135,241</b>	<b>136,276</b>	<b>136,858</b>	<b>136,861</b>	<b>136,671</b>	<b>135,774</b>	<b>134,906</b>

Columbia Gas of Kentucky, Inc.  
 AMRP Revenue by Rate Schedule by Month  
 For the Period August, 2010 Through February, 2013

Attachment PSC-1  
 DR-01-c  
 Page 3 of 3

<b>Rate Schedule</b>	<b>Jun-12</b>	<b>Jul-12</b>	<b>Aug-12</b>	<b>Sep-12</b>	<b>Oct-12</b>	<b>Nov-12</b>	<b>Dec-12</b>	<b>Jan-13</b>	<b>Feb-13</b>
Rate GSR, Rate SGVTS - Residential	126,012	125,285	124,921	124,823	125,430	126,678	127,639	128,116	128,308
Rate GSO, Rate GDS, Rate SVGTS Commercial or Industrial	54,864	54,757	54,566	54,482	54,665	55,282	55,720	55,963	56,058
Rate IUS, Rate IUDES	83	83	83	83	83	83	83	83	83
Rate IS, Rate DS, Rate SAS	17,106	16,631	16,631	16,631	16,631	16,631	15,919	15,919	15,919
<b>Total</b>	<b>198,065</b>	<b>196,755</b>	<b>196,201</b>	<b>196,020</b>	<b>196,809</b>	<b>198,675</b>	<b>199,360</b>	<b>200,080</b>	<b>200,367</b>

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED MARCH 27, 2013**

2. Identify generally the locations of the major main replacements that occurred in 2012 and describe how those specific projects were selected and prioritized.

**Response:**

Columbia conducted 13 major main replacement projects in 2012: three in Boyd County, two in Fayette County, one in Floyd County, three in Franklin County, one in Mason County, and three in Scott County.

Columbia utilized Optimain DS to evaluate and rank pipeline segments system-wide against a range of environmental conditions (e.g. population density, building class, surface cover type, etc.), risk factors (pipe segment leak history, pipe condition, pit depth, pressure, depth of cover, etc.) and economic factors. In general, Columbia identified, ranked, and selected projects based on the level of relative risk of one pipe segment against another. This evaluation and risk ranking of pipe segments was then reviewed by the engineering and operations departments to assess whether that data was consistent with field observations.



Columbia also looked for opportunities to replace priority pipe within the scope of pending public improvement work. Columbia used both sets of information listed above to determine which sections of main were the best candidates for replacement.

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3. Refer to Columbia's application, AMRP Form 1.1. Line 10 shows the Current Year Operations & Maintenance Expenses, Account 887, increased to \$1,531,166 from \$1,178,453 in the preceding year. Identify and explain the increase in the current year operations and maintenance expenses.

**Response:**

In 2012 Columbia spent an additional \$170,334 to expose the casings of our transmission class pipelines to comply with the Transmission Integrity Management Program regulations and record findings.

Additionally, Columbia spent an additional \$144,979 in corrosion remedial work to keep existing pipe up to standard.

Finally, Columbia collected \$28,161 less for facility damages in 2012.