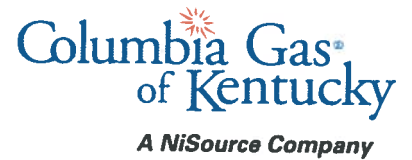


July 9, 2013



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

RECEIVED

JUL 09 2013

**PUBLIC SERVICE
COMMISSION**

RE: PSC Case No. 2013-00167

Dear Mr. Derouen,

Enclosed for docketing with the Commission are an original and ten (10) copies of *Objection and Response of Columbia Gas of Kentucky, Inc. to Stand Energy Corporation's Motion to Intervene*. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Brooke E. Leslie".

Brooke E. Leslie

Senior Counsel

Enclosures

Cc: Hon. Richard S. Taylor

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUL 09 2013

In the matter of adjustment of rates of)
Columbia Gas of Kentucky, Inc.)

Case No. 2013-00167

**PUBLIC SERVICE
COMMISSION**

**OBJECTION AND RESPONSE OF COLUMBIA GAS
OF KENTUCKY, INC. TO MOTION OF STAND
ENERGY CORPORATION'S MOTION TO INTERVENE**

Columbia Gas of Kentucky, Inc. ("Columbia") hereby submits its objection and response to the Motion of Stand Energy Corporation ("Stand") to Intervene in this proceeding. Columbia respectfully requests that the Commission deny the motion of Stand to intervene in this proceeding for three reasons: (i) Stand seeks intervention only to advance its own commercial interests and does not have a special interest that should be protected or represented; (ii) Stand will not assist the Commission in fully considering this matter; and (iii) Stand's intervention will unduly complicate and disrupt this case. Stand does not satisfy the requirements of 807 KAR 5:001, Section 4(11)(b) and its Motion to Intervene should be denied.

Stand's Commercial Interests Are Not Special Interests.

Stand claims that it serves public and private customers delivering natural gas behind more than 52 local distribution companies, including Columbia.¹ Thus, Stand

¹ Memorandum Supporting Motion of Stand Energy Corporation to Intervene ("Memorandum") at 3 of 7.

competes with Columbia for the sale of natural gas to customers on Columbia's system. Stand proposes to offer to the Commission two new tariff provisions, Aggregation Service and Transfer Service, designed to improve its competitive position for the sale of gas to customers on Columbia's system.²

The Commission's jurisdiction is limited to the rates and service of utilities.³ The Commission ruled in 2011 that Stand's interest as a competitive supplier of commodity gas to customers of a local distribution company is not sufficient to justify intervention.⁴ In that case, Stand sought to intervene in a Duke Energy Kentucky change of control proceeding. The Commission rejected Stand's motion as lacking a sufficient interest in Duke's rates or service:

Thus, the only interest that Stand Energy arguably has in the natural gas rates and service of Duke Kentucky is as a competitor, and even that interest is too remote to justify intervention here. There is nothing in the Joint Application, including the voluminous exhibits and prepared testimony, to suggest that Duke Kentucky is now requesting, or will at some definitive time in the future request, authority to establish a fully competitive natural gas market within its service area or for Duke Retail to sell natural gas in Kentucky.

The Commission further finds that an investigation of expanding retail natural gas competition in Kentucky markets was recently concluded in Administrative Case No. 2010-00146, a case in which Stand Energy was granted

² *Id.* at 6 of 7. Stand also proposes to support Columbia's Customer Choice program.

³ KRS 278.040(2).

⁴ *In the Matter of: Joint Application of Duke Energy Corporation, Cinergy Corp., Duke Energy Ohio, Inc., Duke Energy Kentucky, Inc., Diamond Acquisition Corporation, and Progress Energy, Inc. for Approval of the Indirect Transfer of Control of Duke Energy Kentucky, Inc.*, Case No. 2011-00124, Order dated May 12, 2011.

intervention and fully participated. The Commission's decision in that investigation was to not mandate competitive retail natural gas programs in Kentucky without additional statutory authority and consumer protections. Consequently, the Commission will not revisit those issues in this merger case, and Stand Energy's status as a competitive supplier of natural gas does not justify its intervention in this case.⁵

The same reasoning applies here. Stand's interest in Columbia's rates and service is only that of a competitor. Stand, therefore, has no special interest that should be protected or represented in this proceeding.

Stand Will Not Assist the Commission.

Stand claims it will assist the Commission by offering new tariff sheets not proposed by Columbia.⁶ It cites the Commission's Retail Competition Administrative Case⁷ as authority for the foregoing proposition. Interestingly, the paragraph cited by Stand makes no reference to Columbia, but rather to the other four largest local distribution companies in Kentucky that do not have a Customer Choice program. So, while the Commission encouraged those four local distribution companies to evaluate their existing transportation tariffs and said that it would review the reasonableness of their existing transportation tariffs and any proposed changes in rate design and product and service availability in their next general rate proceedings, Columbia was

⁵ *Id.* at 4-5.

⁶ Memorandum at 4 of 7 and 6 of 7.

⁷ *In the Matter of: An Investigation of Natural Gas Retail Competition Programs*, Case No. 2010-00146.

not included in such statement.⁸ The broader statement was made in the Appendix to the Order as follows: “The Commission believes that existing transportation thresholds bear further examination, and the Commission will examine each LDC’s tariffs and rate design in each LDC’s next general rate proceeding.”⁹ At the most, the Commission said that it would examine Columbia’s existing transportation thresholds in its next general rate proceeding. It did not say that it would consider new services proposed by gas marketers in the LDCs’ next general rate proceedings. Thus, Stand’s attempt to offer new service proposals in this proceeding goes beyond the Commission’s direction in the Retail Competition Administrative Case. Moreover, the Commission in the *Duke Kentucky* case quoted at page 2 above said that it would not revisit the issues in the Retail Competition Administrative Case. Stand, therefore, will not assist the Commission in fully considering this case.

Undue Complication and Disruption.

If Stand is permitted to intervene in this proceeding, it will introduce the new service issues set forth in its Motion to Intervene. Since the Commission said in the Retail Competition Administrative Case that the only issue relating to retail competition that should be considered in the next LDC rate cases is transportation thresholds, the introduction of these new issues will unduly complicate and disrupt this case. This was

⁸ *Id.* Appendix to Order dated December 28, 2010, at 16.

⁹ *Id.* at 23.

the clear message delivered by the Commission in the first general rate proceeding for an LDC following the Retail Competition Administrative Case.

In the 2012 general rate case of Louisville Gas and Electric Company (“LG&E”)¹⁰, Stand and Hess, Inc. (“Hess”) submitted motions to intervene. While the Commission permitted both marketers to intervene, their intervention was strictly limited to the issue of gas transportation thresholds.¹¹ In granting Stand’s motion, the Commission said,

The Commission finds that, based on our findings in Case No. 2010-00146, it is appropriate to conduct an investigation in this case of the reasonableness of LG&E’s gas transportation thresholds. Further, we find that although Stand Energy is a gas marketer and a competitor of LG&E, not a customer, Stand Energy was granted intervention in Case No. 2010-00146. Since the issue of gas transportation thresholds is being investigated in this case as a follow-up to Case No. 2010-00146, we find that Stand Energy is likely to present issues or to develop facts that assist the Commission in our investigation of that issue. For these reasons we will grant Stand Energy limited intervention to participate solely on the issue of gas transportation thresholds.¹²

Hess, in its motion, sought to introduce the issues of balancing frequencies and balancing tolerance bands in addition to the gas transportation threshold issue. The Commission responded as follows:

¹⁰ *In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge*, Case No. 2012-00222.

¹¹ *Id.*, Order dated September 14, 2012, at 5; Order dated October 2, 2012, at 6.

¹² *Id.*, Order dated September 14, 2012, at 4-5.

Although Hess' application to intervene also states its concerns about balancing frequencies and balancing tolerance bands, these issues were not included in the Commission's Order in Case No. 2010-00146 as issues to be reviewed in this case, and they will not be included in Hess' limited intervention.¹³

When Hess filed its testimony, it included a discussion of balancing frequencies and balancing tolerance bands. LG&E filed a motion to strike that testimony and the Commission granted LG&E's motion, saying

Thus, the only issue of gas competition to be evaluated in this LG&E rate case is transportation thresholds. Consequently, Hess' intervention should be limited to the issue of gas transportation thresholds. The testimony of Hess' witness, John Mehling, should be stricken and opportunity provided for Hess to refile its testimony with all references to balancing tolerance bands and balancing frequencies deleted.¹⁴

In this proceeding, Stand does not propose to address gas transportation thresholds. It only proposes to support Columbia's Customer Choice program and to argue that Columbia should offer two new services: Aggregation Service and Transfer Service.¹⁵ These issues are outside the scope of issues to be addressed as a follow-up to the Retail Competition Administrative Case. Since Stand does not propose to address the sole issue identified in the Retail Competition Administrative Case – transportation thresholds – its intervention will unduly complicate and disrupt this proceeding. Thus, its Motion to Intervene should be denied.

¹³ *Id.*, Order dated October 2, 2012, at 6.

¹⁴ *Id.*, Order dated October 24, 2012, at 5.

¹⁵ Memorandum at 5 of 7-6 of 7.

WHEREFORE, Columbia hereby respectfully requests that the Commission deny

Stand's Motion to Intervene.

Respectfully Submitted,



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Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing *Objection and Response of Columbia Gas of Kentucky, Inc. to Motion of Stand Energy Corporation's Motion to Intervene*, by ordinary U.S. mail, postage prepaid, to the parties on this 9th day of July 2013.



Brooke E. Leslie

**Attorney for
COLUMBIA GAS OF KENTUCKY, INC.**

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