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August 2, 2013

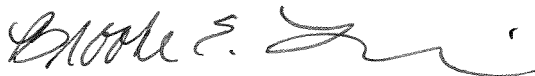
Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

Re: Columbia Gas of Kentucky, Inc.
PSC Case No. 2013-00167

Dear Mr. Derouen,

Enclosed for docketing with the Commission are an original and ten (10) copies of Columbia Gas of Kentucky, Inc.'s responses to CAC's First Request for Information. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you.

Very truly yours,



Brooke E. Leslie
Senior Counsel

Enclosures

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO COMMUNITY ACTION COUNCIL'S
REQUEST FOR INFORMATION SET ONE
DATED JULY 18, 2013**

1. How many Columbia Gas residential accounts were shut off for non-payment in each year 2008, 2010, 2011, and 2012?

Response:

Listed below are the number of Columbia Gas of Kentucky residential accounts that were shut off for non-payment for the requested years:

2008 - 8,641

2010 - 7,162

2011 - 7,229

2012 - 7,507

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2. In 2009, how many Columbia Gas residential accounts were shut off for non-payment prior to October 26, 2009, and how many were shut off for non-payment after that date?

Response:

Columbia Gas residential accounts shut off for non-payment prior to October 26, 2009, during the billing cycles of January 2009 through October 2009, numbered 7,578. Columbia Gas residential accounts shut off for non-payment after October 26, 2009, in the billing cycles of November and December 2009, numbered 366.

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3. How many Columbia Gas residential accounts were shut off for non-payment in the time period January 11, 2013 through the latest date in 2013 where records are available?

Response:

4,204 Columbia Gas residential accounts were shut off for non-payment in the January through June 2013 billing cycles.

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4. How many Columbia Gas residential accounts received payments from a third-party assistance program or agency (LIHEAP, WinterCare, etc.) in each year 2008, 2010, 2011, 2012 and through the latest date in 2013 where records are available?

Response:

The total number of third-party assistance payments received by Columbia in each year for residential accounts are shown below. Some residential accounts may have received the benefit of more than one form of assistance payment.

2008 - 6,268

2010 - 6,873

2011 - 6,501

2012 - 5,265

2013 - 2,116

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5. In 2009, how many Columbia Gas residential accounts received payments from a third-party assistance program or agency (LIHEAP, WinterCare, etc.) prior to October 26, 2009, and how many received such payments after that date?

Response:

The total number of third-party assistance payments received by Columbia in the requested break down of year 2009 is shown below. Some residential accounts may have received the benefit of more than one form of assistance payment.

2009 - January thru October - 5,882

2009 -November & December - 2,251

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6. What is the total amount of funding Columbia Gas has contributed in each year 2008, 2009, 2010, 2011, 2012 and thus far in 2013 to programs or organizations that directly assist its customers who have difficulty paying their bills? Please provide this information by ratepayer vs. shareholder funding.

Response:

Year	Source of Funds		
	Ratepayer	Shareholder	Total
2008	\$ 538,664	\$207,768	\$746,433
2009	\$ 474,897	\$202,455	\$677,352
2010	\$ 498,140	\$202,008	\$700,148
2011	\$ 562,581	\$202,947	\$765,528
2012	\$ 412,673	\$202,625	\$615,298
2013	\$ 327,783	\$100,376	\$428,159

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7. How much have Columbia Gas ratepayers, through voluntary donations given through billing statements, contributed to the WinterCare Energy Fund in each year 2008, 2009, 2010, 2011, 2012, and thus far in 2013?

Response:

2008 \$37,779.39

2009 \$35,517.35

2010 \$33,111.00

2011 \$29,964.00

2012 \$26,524.00

2013 \$12,878.00

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8. How many Columbia Gas ratepayers, through voluntary donations given through billing statements, contributed to the WinterCare Energy Fund in each year 2008, 2009, 2010, 2011, 2012 and thus far in 2013?

Response:

The requested information is not available.

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9. Please provide a list of Kentucky counties in which Columbia Gas provides service and the number of residential customers in each of those counties. If possible, provide this data in the form of an Excel spreadsheet.

Response:

Attachment A is an Excel spreadsheet that provides the counties in Kentucky served by Columbia Gas of Kentucky and the number of residential customers in each county. The Excel file is on the CD provided in conjunction with these responses.

Number of CKY Residential Customers	
Jun-13	
COUNTY-NAME	RESIDENTIAL
BATH	3
BOURBON	2,680
BOYD	9,317
BRACKEN	120
CARTER	3
CLARK	5,614
CLAY	12
ESTILL	1,449
FAYETTE	63,246
FLOYD	753
FRANKLIN	10,068
GREENUP	6,495
HARRISON	1,606
JESSAMINE	772
JOHNSON	28
KNOTT	176
LAWRENCE	892
LEE	4
LETCHER	1
LEWIS	76
MADISON	501
MARTIN	716
MASON	2,369
MONTGOMERY	2,402
NICHOLAS	25
OWSLEY	19
PIKE	540
ROBERTSON	9
SCOTT	4,785
WOODFORD	4,363
Total	119,044

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10. For each of the past 12 months, please provide the average consumption (in Mcf) of residential customers of Columbia Gas.

Response: The average consumption of residential customers is as follows:

Year	Month	Columbia Gas of Kentucky Residential MCF/Customer
2012	7	1.0
2012	8	0.9
2012	9	1.0
2012	10	1.8
2012	11	5.5
2012	12	9.1
2013	1	13.8
2013	2	13.6
2013	3	12.7
2013	4	9.0
2013	5	3.0
2013	6	1.4
12 Months		72.9

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11. For each of the past 12 months, please provide the average total monthly bill for residential customers of Columbia Gas (including all charges).

Response:

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>TME June 30,</u> <u>2013</u> \$
1	General Service - Residential	
2	Jul-12	20.25
3	Aug	19.70
4	Sep	20.05
5	Oct	24.20
6	Nov	43.60
7	Dec	70.86
8	Jan-13	99.31
9	Feb	96.35
10	Mar	85.65
11	Apr	63.78
12	May	31.21
13	Jun	25.38

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12. Please provide the unduplicated number (customers who were late multiple times should be counted only once) of residential accounts which were paid late at any time in 2008 , 2010, 2011, 2012 and thus far in 2013.

Response:

This information is not available.

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13. For 2009, please provide the unduplicated number (customers who were late multiple times should be counted only once) of residential accounts which were paid late at any time prior to October 26, 2009, and the total number of residential accounts which were paid late after that date.

Response:

This information is not available.

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14. Please provide the average monthly bill for residential customers of Columbia Gas in each of the years 2008, 2009, 2010, 2011, and 2012.

Response:

<u>Line</u>						
<u>No.</u>	<u>Description</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
		\$	\$	\$	\$	\$
1	General Service - Residential					
2	Jan	180.33	227.48	115.66	168.86	109.81
3	Feb	185.91	230.11	106.74	146.18	102.58
4	Mar	162.88	134.31	116.07	88.39	80.65
5	Apr	98.98	89.25	56.34	65.17	41.53
6	May	49.36	45.99	31.90	37.10	32.20
7	Jun	36.02	25.16	21.63	26.26	21.26
8	Jul	26.85	25.64	19.90	22.15	20.25
9	Aug	26.02	12.32	19.72	20.91	19.70
10	Sep	26.32	14.88	22.36	22.18	20.05
11	Oct	31.34	20.36	26.62	27.58	24.20
12	Nov	86.44	39.48	47.51	49.93	43.60
13	Dec	189.28	74.86	116.18	78.10	70.86

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15. Is Columbia Gas' proposal to suspend annual adjustment of the Energy Efficiency Conservation Programs Revenue from Lost Sales contingent upon approval of the Revenue Normalization Adjustment?

a. If the RNA is not approved, how will Columbia Gas account for Revenue from Lost Sales in its planned, separate Demand Side Management filing?

Response:

Yes.

a. Columbia's planned, separate Demand Side Management filing will address the customer service offerings and level of funding under its Energy Efficiency Conservation Program. If the RNA is not approved, the Revenue from Lost Sales component of the cost recovery mechanism would function just as it does currently.

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16. Russell A. Feingold, in his filed testimony, notes on page 79 that he ran a simulation of the RNA rider over a three year historical period and found its total annual impact to be a range of \$2.87 to \$4.65. Is Mr. Feingold aware of any anomalies which could occur — and did not within the historical test period — that could cause the impact of the RNA to be significantly greater?

Response:

Mr. Feingold is not aware of any anomalies which could occur beyond the types of occurrences that were already reflected in the three-year historical period that could cause the impact of the RNA mechanism to be significantly greater (both negatively and positively) than was presented in Attachment RAF-8.

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17. a. If yes, please explain those situations and their potential impact on the RNA rider calculation.

Response:

Not applicable.

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18. Russell A. Feingold, in his filed testimony, explains on page 42 that the purpose for the proposed rate design (and associated Revenue Normalization Adjustment) is that the current rate design "works against the goal of ensuring that Columbia is provided a reasonable opportunity to recover its costs including a return of, and on, the capital that has been invested..."

- a. Did Mr. Feingold consider basing a mechanism such as the proposed RNA not on a guaranteed volumetric and associated revenue level for the Company but instead a guaranteed minimum or scaled rate of return?
- b. Would not setting a fixed volumetric and revenue amount for basis of the RNA unfairly insulate the Company (and thus penalize customers) against declines in consumption by customers which are beyond their control, and thus penalize the customer base for conserving?

Response:

a. First, there are two inappropriate assumptions made in this data request. There is no guarantee of a particular revenue level and no guarantee of a particular rate of return under Columbia's proposed RNA mechanism. The regulatory standard which guided the design of this ratemaking mechanism is that a utility's rates must provide a reasonable opportunity to earn the allowed rate of return that the regulatory body found to be just and reasonable. By attempting to recover costs that do not vary with gas usage through volumetric charges, the opportunity for the utility to earn its allowed rate of return with an anticipated decline in annual volumes has been materially diminished. In addition, the use of volumetric rates creates intra-class rate discrimination that requires high-use customers to subsidize low-use customers.

With respect to the concept of a minimum rate of return, the rate of return found to be just and reasonable becomes the minimum rate of return that Columbia should have the opportunity to earn. As Mr. Feingold has demonstrated in his direct testimony, that situation has not occurred in Columbia's recent history as the result of a rate structure that does not properly reflect the nature of the costs incurred in providing gas distribution service.

There is no basis for a scaled rate of return and, given Columbia's ongoing management of its costs, it would be reasonable to assume that Columbia should be provided the opportunity to earn above its allowed rate of return to the extent it is able to achieve operating efficiencies that reduce its total cost of service.

- b. There is nothing unfair about providing Columbia a reasonable opportunity to earn its allowed rate of return through a ratemaking mechanism that recognizes the fixed costs of providing gas distribution service. In fact, this is a provision mandated by the United States Supreme Court related to the determination of just and reasonable utility rates. Recovering the utility's total cost of service cannot be characterized as a "penalty" for customers. Failure to recover costs ultimately penalizes the investors who provide the required capital to support the investment in the utility's facilities that serve customers. Proper rate design would, among other things, provide the utility with a reasonable opportunity to earn its allowed rate of return, as noted above.

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19. In revising the CHOICE program, did or would Columbia Gas consider providing customers with online access to pricing information — updated daily or some other frequency — for Columbia and all available suppliers in order to help customers make an informed, real time comparison and decision?

Response:

Columbia Gas currently provides customers with online access to CHOICE program information through its website. Columbia's website includes a link to the Public Service Commission's website which contains monthly price comparison information for Columbia and participating Marketers. Customers can access CHOICE program information by visiting:

<https://www.columbiagasky.com/en/residential/customer-choice-/sign-up-and-suppliers>.

Columbia's website also contains links to available participating Marketer's websites where customers may obtain real time pricing information. Columbia is willing to consider suggestions for additional enhancements.