

Columbia Gas[®]
of Kentucky

A NiSource Company

200 Civic Center Drive
Columbus, Ohio 43215

September 25, 2013

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

RECEIVED

SEP 25 2013

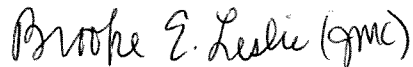
**PUBLIC SERVICE
COMMISSION**

RE: In the matter of adjustment of rates of Columbia Gas of Kentucky, Inc.,
KY 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 Data Requests to the Kentucky Attorney General. Should you have any questions about this filing, please contact me at 614-460-5558.

Very truly yours,



Brooke E. Leslie
Senior Counsel

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
Application of Columbia Gas of Kentucky,) Case No. 2013-00167
Inc., for an Adjustment in Rates.)

**COLUMBIA GAS OF KENTUCKY, INC.'S
DATA REQUEST SERVED UPON
THE OFFICE OF THE ATTORNEY GENERAL**

Pursuant to the Commission's Order in this proceeding, dated July 16, 2013, Columbia Gas of Kentucky, Inc. ("Columbia"), propounds the following data requests to be answered by the Office of the Attorney General ("AG") in writing. These data requests shall be deemed to be continuing so as to require supplementary answers between the time the answers are served and the time of hearing.

Respectfully Submitted,



Brooke E. Leslie (Counsel of Record)
Stephen B. Seiple, Assistant General Counsel

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Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

INSTRUCTIONS FOR ANSWERING

(1) All responses shall be in writing, and each response shall identify the name and position of the person(s) who provided the response. Each data request shall be answered separately and fully. Each response shall first restate the data request being answered.

(2) All responses to data requests shall be served upon Columbia at the offices and its attorneys in this proceeding:

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(3) You are reminded that all answers must be made separately and fully, and that an incomplete or evasive answer is a failure to answer.

(4) You are under a continuing duty to seasonably supplement your response with respect to any question directly addressed to the identity and location of person having knowledge of discoverable matters, the identity of any person expected to be called as an expert witness at hearing, and the subject matter of which he or she is expected to testify, and to correct any response which you know or later learn is incomplete or incorrect.

(5) All information is to be divulged which is in your possession or control or within the possession and control of your attorneys, investigators, agents, employees, or other representatives of you or your attorney.

(6) Where a data request calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

(7) Where an objection is interposed to any data request, or part thereof, answer all parts of the data request to the extent not objected to.

(8) Identification. As used herein, the terms "identification," "identify," or "identity," when used in reference to (a) a natural individual, requires you to state his or her full name and residential and business address; (b) a corporation, requires you to state its full corporate name and any names under which it does business, its state of incorporation, the address of its principal place of business, and the address of all of its

offices in Kentucky; (c) a business, requires you to state the full name or style under which the business is conducted, its business address or addresses, the types of businesses in which it is engaged, the geographic areas in which it conducts those businesses, and the identity of the person or persons who own, operate, and control the business; (d) a document, requires you to state the number of pages and the nature of the document (*e.g.*, letter or memorandum), its title, its date, the name or names of its authors and recipients, and its present location and custodian; (e) a communication, requires you, if any part of the communication was written, to identify the document or documents which refer to or evidence the communication, and, to the extent that the communication was non-written, to identify the person participating in the communication and to state the date, manner, place and substance of the communication.

(9) Identification of documents. With respect to each data request, in addition to supplying the information requested, you are to identify all documents that support, refer to, or evidence the subject matter of each data request and your answer thereto.

If any or all documents identified herein are no longer in your possession, custody, or control because of destruction, loss, or any other reason, then do the following with respect to each and every such document: (a) describe the nature of the document (*e.g.*, letter or memorandum); (b) state the date of the document; (c) identify the persons who sent and received the original copy of the document; (d) state in as

much detail as possible the contents of the document; and (e) state the manner and date of disposition of the document.

If you contend that you are entitled to withhold from production any or all documents identified herein on the basis of attorney-client privilege, the work product doctrine, or other grounds, then do the following with respect to each and every document: (a) describe the nature of the document (*e.g.*, letter or memorandum); (b) state the date of the document; (c) identify the persons who sent and received the original and a copy of the document; (d) state the subject matter of the document; and (e) state the basis upon which you contend you are entitled to withhold the document from production.

(10) Representative. As used herein, the term "representative" means any and all agents, employees, servants, officers, directors, attorneys, or other persons acting or purporting to act on behalf of the person in question.

(11) Person. As used herein, the term "person" means any natural individual in any capacity whatsoever or any entity or organization, including divisions, departments, and other units therein, and shall include, but not be limited to, a public or private corporation, partnership, joint venture, voluntary or unincorporated association, organization, proprietorship, trust, estate, governmental agency, commission, bureau, or department.

(12) Document. As used herein, the term "document" means any medium upon which intelligence or information can be recorded or retrieved, and includes, without limitation, the original and each copy, regardless of origin and location, of any book, pamphlet, periodical, letter, memorandum (including any memorandum or report of a meeting or conversation), invoice, bill, order form, receipt, financial statement, accounting entry, diary, calendar, telex, telegram cable, report, record, contract, agreement, study, handwritten note, draft, working paper, chart, paper, print, laboratory record, drawing, sketch, graph, index, list, tape, photograph, microfilm, data sheet or data processing card, electronic mail, computer discs or tapes, or computer produced interpretations thereof, or any other written, recorded, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody, or control or which was, but is no longer, in your possession, custody or control.

(13) Communication. As used herein, the term "communication" means any oral or written utterance, notation, or statement of any nature whatsoever, by and to whomsoever made, including, but not limited to, correspondence, conversations, dialogues, discussion, interviews, consultations, agreement, and other understandings between or among two or more persons.

(14) Contention Data Request. When a data request requires you to "state the basis of" a particular claim, contention, or allegation, state in your answer the identity

of each and every communication and each and every legal theory that you think supports, refers to, or evidences such claim, contention, or allegation.

(15) The Word "Or." As used herein, the word "or" appearing in a data request should not be read so as to eliminate any part of the data request, but, whenever applicable, it should have the same meaning as the word "and." For example, a data request stating "support or refer" should be read as "support and refer" if an answer that does both can be made.

DATA REQUESTS

Data Requests related to the testimony of Glenn Watkins:

1. Please provide an executable electronic copy with all formulas intact of Mr. Watkins' cost of service study used to create Schedule GAW-5.
2. Please provide an executable electronic copy with all formulas intact of Mr. Watkins' Determination of Residential Customer Costs presented in Schedule GAW-11.
3. Please provide an executable electronic copy with all formulas intact of Mr. Watkins' Comparison of Columbia and AG Proposed Class Revenue Distribution presented in Schedule GAW-9.
4. Please provide all workpapers, spreadsheets, analyses, source documents and supporting calculations (to the extent not already provided in response to Data Request Nos. 1-3) which relate to Mr. Watkins' Direct Testimony and Schedules.
5. Please provide a list of all assumptions and any analyses used by Mr. Watkins to support the conclusion on Page 6, lines 18 and 19, of his Direct Testimony that Columbia's infrastructure benefits "all customers."
6. Please provide any studies, reports or other analyses prepared by Mr. Watkins that demonstrate the level of gas throughput causes a gas utility to incur investment costs in distribution mains.
7. At page 54, lines 10-13, of his Direct Testimony, Mr. Watkins concludes that Columbia's proposed RNA Rider provides it with a "revenue guarantee."
 - a. Please provide any studies, reports, or other analyses prepared by Mr. Watkins to support his above-stated conclusion.
 - b. For each of the analyses provided by Mr. Watkins in response to part a, please provide the assumptions used in each analysis and define the actual level of "revenue guaranteed" relative to Columbia's approved annual revenue requirement resulting from this rate case.

8. At page 19 lines 3-5, of Mr. Watkins' Direct Testimony, he states that the allocation of the cost of distribution mains on a peak load basis "assumes there is a direct and perfectly linear relationship between load (capacity) and the cost of mains."
 - a. Please provide references to any testimony or exhibits filed in this proceeding that make that assumption.
 - b. Please provide a detailed explanation for the basis of Mr. Watkins' statement, including any study or analysis he has prepared to support this assumption.
9. Please provide references to any economic studies on the theory of rate design discussed at pages 62-63 of Mr. Watkins' Direct Testimony that address the efficiency of recovering a gas utility's fixed costs through volumetric or variable charges.
10. On page 24, lines 21-26, of Mr. Watkins' Direct Testimony, he cites Item (3) of the Availability provision under Columbia's Delivery Service (DS) tariff. Under that provision, please indicate how much gas Columbia is required to deliver to a DS customer if the quantity of gas scheduled and confirmed to be delivered into Columbia's distribution facilities for the customer's account is zero?
11. For each Value Line Natural Gas Utility cited by Mr. Watkins in Schedule GAW-10, please provide the following information:
 - a. the percent of earnings accounted for by non-state regulated entities held within the natural gas utility's holding company,
 - b. the number of state regulated natural gas utilities with ratemaking provisions designed to produce revenue stability, including but not limited to Straight Fixed-Variable (SFV) rates, revenue decoupling mechanisms, rate stabilization mechanisms, revenue true-up provisions, weather normalization adjustment mechanisms, or monthly customer charges in excess of Columbia's currently-effective residential monthly customer charge,
 - c. a list of each state regulated operating utility owned by the holding company listed in Schedule GAW-10, and

- d. the portion of revenue, in each year, collected on a per unit volumetric rate basis.
12. Please provide examples or specific projects which Mr. Watkins' experienced that demonstrate his knowledge regarding a natural gas end use customer's decision making process to by-pass a local distribution company as discussed on pages 41-51 of his testimony.
13. Please provide examples of specific projects which demonstrate Mr. Watkins' knowledge of the cost of to install a private sector natural gas pipeline.
14. Please provide examples of specific projects that demonstrate Mr. Watkins' knowledge of private pipelines that were not installed due to the pipeline's lack of eminent domain authority.
15. What specific selection criteria did Mr. Watkins use to select the specific by-pass cost scenario for Customers A, C, & E in order to arrive at the "threat of by-pass rate" for each customer?

Data Requests regarding the testimony of Frank W. Radigan:

16. Please provide all workpapers, spreadsheets, analyses, source documents and supporting calculations, that are not provided elsewhere, which relate to Mr. Radigan's Direct Testimony and Schedules.
17. Refer to the discussion of a regression analysis on page 8 and the graph on page 9 of Mr. Radigan's testimony. Please provide work papers (excel files with formulas where possible) showing:
 - a. all historical data used in the regression,
 - b. the specification of the regression model,
 - c. the regression software output showing model statistics and coefficients,
 - d. all calculations used to create the series graphed on page 9, titled "Residential UPC – Actual and Weather Normalized, and;

- e. state the exact definition of the series graphed, show all calculations used to develop each point in the graph and provide the value for each point in the graph.
18. Please explain this statement from page 8 of Mr. Radigan's testimony: "Using the results to predict what sales should have been, factoring the weather, gives us a statistical prediction of weather normalized sales." Specifically, please explain the following:
 - a. the phrase "what sales should have been"
 - b. the process of factoring
 - c. whether you consider this statistical prediction to be a statement of weather normalized residential use per customer
 - d. please provide all work papers (excel files with formulas where possible).
19. Refer to the paragraph on page 10 that ends with Mr. Radigan concluding that, "the model is telling them exactly what they want to hear." Please provide the analysis used to arrive at this conclusion including all descriptive text, work papers, excel files with formulas intact, data and formulas. Did you evaluate the model coefficients and the forecast of independent variables? If so, please provide the analysis including all descriptive text, work papers, excel files with formulas intact, data and formulas.
20. Refer to the last paragraph on page 10 of Mr. Radigan's testimony. How did you determine that for the residential class there are 4,500 HDD per year and 72 MCF per year? Please provide work papers including excel files with formulas intact citing sources and showing all calculations.
21. Refer to the page 5 of Mr. Radigan's testimony where he acknowledges that "Use per customer for the Residential and Commercial classes is forecast with separate econometric models that incorporate weather, real price, energy conservation, and economic conditions." Refer also to page 12 which says "the Commercial and Industrial classes are impacted by many things and the development of the sales forecasts for these classes is based more on judgment than modeling." Please explain how the Commercial forecast is based more on judgment than modeling.

22. Refer to page 12 of Mr. Radigan's testimony where he makes a comparison of forecasted Commercial use per customer with a current value for weather normalized use per customer.
 - a. Did the witness realize that the forecasted use per customer does not include the category titled "other" which is a separate forecast for the largest commercial customer which makes means that the two use per customer numbers cited in the testimony are not comparable?
 - b. Was the artificially high number used to calculate the \$1.2 million adjustment recommended on page 13?
 - c. If the answer to b is affirmative, how was it used?
 - d. Please provide all work papers (excel files with formulas where possible).
23. Please provide work papers (excel files with formulas where possible) and analysis of residential customer counts as described on page 11 of Mr. Radigan's testimony.
24. Refer to page 5 of Mr. Radigan's testimony where he states, "Based on responses to discovery questions the Company was unable to provide sufficient factual support for its claim that sales were declining." Refer also to the work paper provided in response to AG 1-158, the historical data provided in response to AG1-156 and the description of the normalization method provided in response to Staff 2-21. Finally, refer to page 9 where actual and weather normalized usage are graphed and a conclusion is drawn, "This data is plotted in the graph below and it shows that, when the effects of weather are accounted for, there has been a marked decrease in usage over a long period of time." Both you and Columbia concluded that there has been a trend of decreasing use per customer by inspecting a graph of weather-normalized data. How does your factual support differ from the Columbia's?
25. Refer to the graph on page 9 of witness Radigan's testimony and to the graph provided in response to AG 1-158. Explain why the weather-normalized series follows the up and down movements of the actual series so closely. Is this expected from a good normalization procedure?

26. Refer to page 11 of witness Radigan's testimony where a customer count of 120,000 "seems reasonable." Please provide the analysis used to arrive at this conclusion including all descriptive text, work papers, excel files with formulas intact, data and formulas.
27. Please refer to the testimony of Mr. Radigan page 29 lines 2 – 4. Is Mr. Radigan aware that Columbia's gas cost adjustment includes a gas cost uncollectible rate? If so, please explain the statement that he rejects "...the Columbia's method of setting uncollectibles as some percentage of revenues because of the fact that the commodity cost of gas varies so much from year to year makes this method unreliable."
28. Regarding forecasted test period uncollectibles expense, is Mr. Radigan aware that \$713,581 is matched in forecasted test period revenues as indicated in Schedule D-2.4 workpapers WPD-2.4A, WPD-2.4D, and WPD-2.4H?
29. Regarding Mr. Radigan's forecasted test period uncollectibles expense recommendation of \$600,000, please provide the breakdown of this amount between non-gas cost, gas cost, large volume, and energy assistance.
30. Identify each rate proceeding in which Mr. Radigan has performed a return on equity analysis and recommended a utility return on equity to a regulatory commission. For each such proceeding, please provide: (a) the case number, (b) jurisdiction; (c) party on whose behalf you performed the analysis and recommendation; (d) a copy of any testimony sponsored by Mr. Radigan in such proceeding (s).
31. Has Mr. Radigan performed any surveys, focus groups, interviews or similar research in an effort to determine Columbia customers' opinions and attitudes about automated meter reading technology? If the answer is in any manner affirmative, produce all documents referring, reflecting or relating to such surveys, focus groups, interviews or other research.
32. Has Mr. Radigan performed any surveys, focus groups, interviews or similar research in an effort to determine any utility customers' opinions and attitudes about automated meter reading technology? If the answer is in any manner affirmative, produce all documents referring, reflecting or relating to such surveys, focus groups, interviews or other research.

33. Has Mr. Radigan performed any surveys, focus groups, interviews or similar research in an effort to determine utility customer opinions and attitudes about estimated bills? If the answer is yes, produce all documents referring, reflecting or relating to such surveys, focus groups, interviews or other research.
34. How long does Mr. Radigan believe the Accelerated Main Replacement Program will continue?
35. Please justify how Mr. Radigan concluded that the net salvage percent of (10%) for Account 376 and (50%) for Account 380 was appropriate.
36. Can Mr. Radigan identify the average age of the retirements for Account 376 and 380 for the period 2000-2012 and 2008-2012?

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing *Columbia Gas of Kentucky, Inc.'s Data Requests to the Kentucky Attorney General* by ordinary U.S. Mail, postage prepaid, to the parties on this 25th day of September, 2013.

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