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Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

November 5, 2013

## PARTIES OF RECORD

Re: Case No. 2013-00167  
Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas Service

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 five days of receipt of this letter. If you have any questions, please contact Aaron Ann Cole, Staff Attorney, at 502-782-2591.

Sincerely,

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

Jeff Derouen  
Executive Director

AAC/kar  
Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File

**FROM:** Aaron Ann Cole, Staff Attorney

**DATE:** November 5, 2013

**RE:** Case No. 2013-00167  
Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas Service

At the request of Columbia Gas of Kentucky, Inc. ("Columbia Gas"), an informal conference was conducted on October 29, 2013 at the Commission Offices in Frankfort, Kentucky. A list of the attendees is attached hereto, which includes parties participating telephonically.

The purpose of the conference was to discuss the unanimous settlement agreement and stipulation ("Stipulation") reached in principle among all the parties. Columbia Gas's representative began by explaining that Columbia Gas and the intervenors had met several times and developed a document agreeable to the parties and noted that the agreement reached represents a black-box settlement regarding its rate increase, tariffs, and other monetary matters except for: (1) Columbia Gas will withdraw its proposed Revenue Normalization Adjustment tariff; (2) for purposes of its Accelerated Main Replacement Program, Columbia Gas will have a specified Return on Equity of 10.125% and will use an 8.0% weighted cost of capital grossed-up for federal and state income taxes; (3) Columbia Gas will withdraw the depreciation study filed as part of its application and will continue to use its current depreciation rates until such time as it submits a new study that is accepted by the Commission; (4) Columbia Gas will defer and amortize its actual rate case expense over three years; (5) it will recover over five years the amortization of a regulatory asset of \$294,734 related to Other Post-Retirement Benefits at a rate of \$58,947 annually; and (6) Columbia Gas will guarantee an additional \$10,000 annually in Wintercare contributions above its current funding of approximately \$50,000.

Columbia Gas provided copies of draft documents which were reviewed and discussed. The parties indicated that the executed documents in final form along with testimony of a Columbia witness in support of the Stipulation should be filed with the Commission by November 5, 2013. The parties indicated that they will not file rebuttal and surrebuttal testimony as provided for in the procedural schedule, but that they reserve the right to do so in the event the Commission does not approve the Stipulation. When asked about the anticipated timeframe for the Lexington-Fayette Urban County Council's approval of the Stipulation, its counsel stated that the Stipulation would be

given two readings the week of November 4, 2013, and that final approval is expected before the November 13, 2013 hearing date.

There being no further discussions, the informal conference was adjourned.

Attachment

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF ) CASE NO.  
KENTUCKY, INC. FOR AN ADJUSTMENT OF ) 2013-00167  
RATES FOR GAS SERVICE

October 29, 2013

Please sign in:

NAME

REPRESENTING

Virginia Gregg

PSC - legal

Smitty Taylor

CKy atty

Judy Cooper

Columbia Gas

BRUCE DUNN

Columbia Gas

Matt Malone

IGS atty

Dennis Howard II

PAG

Joseph Dale Hens

OHG

Iris Skidmore

CAC

Leah Paulkner

PSC - FA

JEFF SHAW

PSC - FA

GARY GLOVER

PSC - ENGINEERING

Matthew Buer

PSC - FA

Errol K Wagner

PSC - FA

JAMES RICE

PSC

NAME

REPRESENTING

Kyle Willard

PSC-Engineering

Aaron Ann Cole

PSC-legal

David Roelun

KIUC

Dave Barbosa

LFVGG

John Doster

Stard

Matt White

IGS