

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

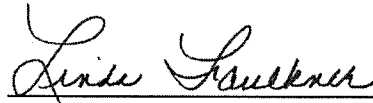
- The digital video recording of the evidentiary hearing conducted on November 13, 2013 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on November 13, 2013 in this proceeding;
- The written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the hearing conducted on November 13, 2013.

A copy of this Notice, the certification of the digital video record, exhibit list, and hearing log have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at [http://psc.ky.gov/av\\_broadcast/2013-00167/2013-00167\\_13Nov13\\_Inter.asx](http://psc.ky.gov/av_broadcast/2013-00167/2013-00167_13Nov13_Inter.asx). Parties wishing an annotated digital video

recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

The exhibits introduced at the evidentiary hearing may be downloaded at <http://psc.ky.gov/pscscf/2013%20cases/2013-00167/>.

Done at Frankfort, Kentucky, this 19<sup>th</sup> day of November 2013.

A handwritten signature in cursive script, reading "Linda Faulkner", written over a horizontal line.

Linda Faulkner  
Director, Filings Division  
Public Service Commission of Kentucky

Honorable David J. Barberie  
Managing Attorney  
Lexington-Fayette Urban County  
Government  
Department Of Law  
200 East Main Street  
Lexington, KENTUCKY 40507

Honorable David F Boehm  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

Honorable John M Dosker  
General Counsel  
Stand Energy Corporation  
1077 Celestial Street  
Building 3, Suite 110  
Cincinnati, OHIO 45202-1629

Honorable Dennis G Howard II  
Assistant Attorney General  
Office of the Attorney General  
Utility & Rate Intervention Division  
1024 Capital Center Drive  
Suite 200  
Frankfort, KENTUCKY 40601-8204

Brooke E Leslie  
Columbia Gas of Kentucky, Inc.  
200 Civic Center Drive  
P.O. Box 117  
Columbus, OHIO 43216-0117

Honorable Matthew R Malone  
Attorney at Law  
Hurt, Crosbie & May PLLC  
The Equus Building  
127 West Main Street  
Lexington, KENTUCKY 40507

Honorable Stephen B Seiple  
Attorney at Law  
Columbia Gas of Kentucky, Inc.  
200 Civic Center Drive  
P.O. Box 117  
Columbus, OHIO 43216-0117

Honorable Iris G Skidmore  
415 W. Main Street  
Suite 2  
Frankfort, KENTUCKY 40601

Richard S Taylor  
225 Capital Avenue  
Frankfort, KENTUCKY 40601

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

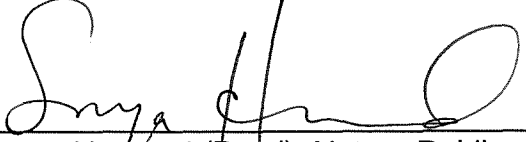
APPLICATION OF COLUMBIA GAS OF	)	CASE NO.
KENTUCKY, INC. FOR AN ADJUSTMENT OF	)	2013-00167
RATES FOR GAS SERVICE	)	

CERTIFICATE

I, Sonya Harward, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on November 13, 2013. Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on November 13, 2013.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the hearing.
4. The "Exhibit List" attached to this Certificate lists all exhibits introduced at the hearing on November 13, 2013.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing on November 13, 2013 and the time at which each occurred.

Given this 18<sup>th</sup> day of November, 2013.

  
\_\_\_\_\_  
Sonya Harward (Boyd), Notary Public  
State-at-Large

My Commission Expires: Aug. 27, 2017



# Session Report - Detail

2013-00167\_13Nov2013

Columbia Gas of Kentucky

<b>Date:</b>	<b>Type:</b>	<b>Location:</b>	<b>Department:</b>
11/13/2013	General Rates	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Linda Breathitt; Jim Gardner  
 Witness: Eric Belle - for Columbia Gas of Kentucky; Judy Cooper - Columbia Gas of Kentucky; William Gresham - for Columbia Gas of Kentucky; Mark Katko - Nisource for Columbia Gas of Kentucky; Herbert Miller - Columbia Gas of Kentucky; Susanne Taylor - Nisource for Columbia Gas of Kentucky  
 Clerk: Sonya Harward

Event Time	Log Event
10:05:33 AM	Session Started
10:05:36 AM	All parties and witnesses to the Settlement that were present sworn in as a group by Chairman Armstrong. Note: Harward, Sonya                      Herbert Miller, Brooke Leslie, Stephen Seiple, Richard Taylor, Greg Dutton, David Boehm, Jennifer Hans, David Barberie, Iris Skidmore, Matthew Malone, Mark Ward (replaced Atty. John Dosker for Stand Energy), William Gresham, Susanne Taylor, Eric Belle, Mark Katko, and Judy Cooper.
10:07:26 AM	Attorney for the Office of the AG, Greg Dutton (AG - Exhibit 1) Note: Harward, Sonya                      Presented an affidavit for Dennis Howard, the AG that was involved in the Settlement/Stipulation.
10:08:07 AM	Chairman Armstrong's Preliminary Remarks
10:12:10 AM	Columbia Witness Herbert Miller takes stand. Note: Harward, Sonya                      President of Columbia Gas of Kentucky.
10:13:26 AM	Columbia Atty. Brooke Leslie's direct examination of Witness Miller.
10:13:45 AM	PSC Atty. Virginia Gregg's cross examination of Witness Miller. Note: Harward, Sonya                      Referenced paragraph 3 of the Settlement/Stipulation, concerning information about the AMR program that is to be filed annually with the AG. Can this also be file with PSC at the same time?
10:15:03 AM	Witness Miller's Response. Note: Harward, Sonya                      Columbia will provide to PSC at same time as AG and the first report will be filed in 2015 as soon as the report is available.
10:15:35 AM	Vice Chairman Gardner' cross examination of Witness Miller. Note: Harward, Sonya                      Referenced paragraph 1 of the Settlement/Stipulation, concerning declining blocks. Note: Harward, Sonya                      May need to ask Witness Judy Cooper for an accurate answer.
10:18:14 AM	Vice Chairman Gardner to Witness Miller Note: Harward, Sonya                      Referenced paragraph 12 of the Settlement/Stipulation. Asked Witness to explain what this is about.
10:20:46 AM	Vice Chairman Gardner to Witness Miller. Note: Harward, Sonya                      Question about AMRP program, using a future forecasted test year...
10:22:23 AM	Vice Chairman Gardner to Witness Miller. Note: Harward, Sonya                      Questioned about AMRP involving property taxes.
10:23:07 AM	Vice Chairman Gardner to Witness Miller. Note: Harward, Sonya                      Where in the Settlement/Stipulation is the reference to the property taxes.
10:23:39 AM	Atty. Leslie provided information to Vice Chairman Gardner. Note: Harward, Sonya                      Tarrif attached to the Settlement/Stipulation, sheet 58.
10:24:12 AM	Vice Chairman Gardner to Witness Miller. Note: Harward, Sonya                      Referencing Direct Testimony of Witness Miller, regarding number of employees and cost.

10:25:28 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Is this the first time Columbia requested a forecasted test year?

10:26:11 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Referenced page 5, line 5, of Witness Miller's Direct Testimony regarding meeting with DSM test group. When filing new petition with respect to that?

10:27:52 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Referenced page 10, lines 18-20, of Witness Miller's Direct Testimony, regarding new hires because of this emphasis and because of the DIMP plan, or is it anticipated in the future?

10:29:32 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Question regarding AMRP program's initial goal of 30-year period...do you still expect 20 more years or where are you all with this?

10:30:38 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Referencing monthly charge of \$1.06 per customer in the Settlement/Stipulation.

10:33:48 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Referencing DSM, top of page 22, of Witness Miller's Direct Testimony, regarding the need for a separate application.

10:34:49 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Referenced page 24 of Witness Miller's Direct Testimony, the last sentence. Are the programs separate and funded separately?

10:38:36 AM Vice Chairman Gardner to Witness Miller.  
Note: Harward, Sonya Referencing the Direct Testimony of Mr. Watkins, page 14, regarding electric utilities and natural gas utilities, and natural gas being required to serve rural areas. Why the difference?

10:41:17 AM Commissioner Breathitt cross examination of Witness Miller.  
Note: Harward, Sonya Referencing paragraph 11, how the number 10,000 was derived, why not 5,000 or 15,000 or 20,000?

10:42:18 AM Commissioner Breathitt to Witness Miller.  
Note: Harward, Sonya Referenced page 8 of Witness Miller's Direct Testimony regarding customer service.

10:45:43 AM Witness Miller excused from stand.

10:45:53 AM Witness Bill Gresham takes the stand.  
Note: Harward, Sonya Manager of Forecasting for NiSource

10:47:14 AM Columbia Atty. Leslie's direct examination of Witness Gresham.

10:47:48 AM Vice Chairman Gardner's cross examination of Witness Gresham.  
Note: Harward, Sonya Referencing Direct Testimony of Frank Radigan (AG's witness) and his remarks about company not providing sufficient information and if company has now provided this information.

10:50:40 AM Vice Chairman Gardner to Witness Gresham.  
Note: Harward, Sonya Regarding Radigan's remarks about wind being second greatest cause of heat loss next to temperature.

10:52:21 AM Vice Chairman Gardner to Witness Gresham.  
Note: Harward, Sonya Referencing Radigan's belief about normalizing for weather and that the decline has abated.

10:57:02 AM Vice Chairman Gardner to Witness Gresham.  
Note: Harward, Sonya Do you consider using a shorter period of time for weather normalization because of the perceived or real increase in temperature?

10:59:06 AM Vice Chairman Gardner to Witness Gresham.  
Note: Harward, Sonya Referenced Witness Gresham's Direct Testimony, page 8, where 35 years is mentioned and what that references.

11:00:38 AM Vice Chairman Gardner to Witness Gresham.  
Note: Harward, Sonya Are you seeing, because of the low natural gas prices, an increase in new customers?

11:01:54 AM Commissioner Breathitt to Witness Gresham.  
Note: Harward, Sonya Were you involved in negotiations?

11:02:19 AM Witness Gresham is excused from the stand.

11:02:38 AM Witness Eric Belle takes the stand.  
Note: Harward, Sonya Manager of Field Engineering for Columbia of Kentucky and Columbia Gas of Ohio.

11:04:00 AM Columbia Atty. Brooke Leslie's direct examination of Witness Belle.

11:04:31 AM Vice Chairman Gardner's cross examination of Witness Belle.  
Note: Harward, Sonya Referencing AMRP program and the change in the dollar amount to be spent.

11:09:14 AM Vice Chairman Gardner to Witness Belle.  
Note: Harward, Sonya Question regarding having to increase number of employees or contractors.  
Note: Harward, Sonya Engineering performed in Kentucky. Construction done by contractors.

11:10:36 AM Vice Chairman Gardner to Witness Belle.  
Note: Harward, Sonya What other capital projects or expenditures does Columbia have other than main replacement?

11:12:10 AM Vice Chairman Gardner to Witness Belle.  
Note: Harward, Sonya Referenced Witness Belle's Direct Testimony, page 11, regarding 27.1M of spending on capital programs and that it includes AMR program.

11:16:15 AM Commissioner Breathitt's cross examination of Witness Belle.  
Note: Harward, Sonya Referenced page 12-13 of Witness Belle's Direct Testimony. Are they older materials that the industry no longer uses?

11:19:52 AM Commissioner Breathitt to Witness Belle.  
Note: Harward, Sonya What are the modern materials being used by the industry?

11:22:30 AM Commissioner Breathitt to Witness Belle.  
Note: Harward, Sonya Questioned about integrity of the Kentucky system compared to other states in Columbia's system.

11:26:11 AM Chairman Armstrong to Witness Belle.  
Note: Harward, Sonya Pipelines being distributed through the pipelines and the use of liquid gas...\_\_\_\_\_

11:27:22 AM Vice Chairman Gardner to Witness Belle.  
Note: Harward, Sonya Questioned regarding slippage. Previously, the test year for the AMRP was historic, now forecasted. Previously, was slippage used with respect to the AMRP program on a historic basis?

11:29:59 AM Vice Chairman Gardner to Witness Belle.  
Note: Harward, Sonya Follow up on decision made by corporate regarding the increase in capital spend on AMRP program.

11:32:30 AM Chairman Armstrong to Witness Belle.  
Note: Harward, Sonya Safety had nothing to do with the increase in capital?

11:32:56 AM Witness Belle excused from stand.

11:33:11 AM Witness Susanne Taylor takes the stand.  
Note: Harward, Sonya NiSource, Controller

11:34:36 AM Columbia Atty. Brooke Leslie's direct examination of Witness Taylor.

11:35:09 AM Vice Chairman Gardner's cross examination of Witness Taylor.  
Note: Harward, Sonya Regarding FERC detailing procedures that must be used?

11:37:15 AM Vice Chairman Gardner to Witness Taylor.  
Note: Harward, Sonya Did FERC change methodology used compared to what SEC used to require?

11:41:00 AM Vice Chairman Gardner to Witness Taylor.  
Note: Harward, Sonya Questioned regarding direct billing.

11:47:26 AM Vice Chairman Gardner to Witness Taylor.  
Note: Harward, Sonya Questioned regarding formula. Are there any other methodologies used for any other reason?

11:50:25 AM Witness Taylor excused from the stand.

11:50:39 AM Witness Mark Katko takes the stand.  
Note: Harward, Sonya NiSource

11:51:48 AM Columbia Atty. Brooke Leslie's direct examination of Witness Katko.

11:52:23 AM Vice Chairman Gardner's cross examination of Witness Katko.  
Note: Harward, Sonya Referenced page 9 of Witness Katko's Direct Testimony, regarding number of full time employees that will be needed due to Settlement/Stipulation.

11:54:54 AM Vice Chairman Gardner to Witness Katko.  
Note: Harward, Sonya Questioned regarding paragraph 9 of Witness Katko's Direct Testimony...why this is being done as a regulatory asset.

11:57:43 AM Commissioner Breathitt cross examination of Witness Katko.  
Note: Harward, Sonya Referenced page 10 of Witness Katko's Direct Testimony, regarding the use of fewer outside vendors to read meters and the savings coming from this. Also questioned about advertisement for public awareness.

12:00:25 PM Commissioner Breathitt to Witness Katko.  
Note: Harward, Sonya Are there many instances where pipeline safety comes into question because people have not called 811 and gotten known gas lines identified?

12:01:35 PM Witness Katko excused from the stand.

12:01:54 PM Columbia Atty. Leslie  
Note: Harward, Sonya Witness Belle now has answer about AMR installation rate.

12:02:08 PM Witness Belle recalled to the stand.

12:02:19 PM Witness Belle  
Note: Harward, Sonya 21,056 AMR installed throughout KY that represent 14.8% of the total.

12:02:55 PM Commissioner Breathitt to Witness Belle.  
Note: Harward, Sonya Follow up question about gas lines being hit due to not calling 811 to identify lines.

12:04:43 PM Witness Judy Cooper takes the stand.  
Note: Harward, Sonya Columbia, Director of Regulatory Affairs

12:05:10 PM Break

12:05:22 PM Session Paused

12:13:31 PM Session Resumed

12:13:37 PM Camera Lock Deactivated

12:13:42 PM Columbia Atty. Leslie  
Note: Harward, Sonya There is a pending motion in front of Commission to strike certain testimony of the AG. (Will be addressed at the end.)

12:14:15 PM Columbia Atty. Brooke Leslie's direct examination of Witness Cooper.

12:15:18 PM Vice Chairman Gardner's cross examination of Witness Cooper.  
Note: Harward, Sonya Questioned about declining blocks.

12:18:12 PM Vice Chairman Gardner to Witness Cooper.  
Note: Harward, Sonya Why are AMR used by gas utilities rather than AMI?

12:19:09 PM Vice Chairman Gardner to Witness Cooper.  
Note: Harward, Sonya Question regarding slippage as it relates to revenue requirement.

12:22:13 PM Vice Chairman Gardner to Witness Cooper.  
Note: Harward, Sonya Referenced Witness Cooper's Direct Testimony, page 11, regarding the modification of energy efficiency and conservation rider.



12:22:58 PM Commissioner Breathitt's cross examination of Witness Cooper.  
Note: Harward, Sonya Referenced Settlement/Stipulation, paragraph 4, the application, and the Direct Testimony of Witness Cooper. Questioned about CHOICE program.

12:28:39 PM Commissioner Breathitt to Witness Cooper.  
Note: Harward, Sonya What does 'saved a negative \$1.5M' mean?

12:31:40 PM Commissioner Breathitt to Witness Cooper.  
Note: Harward, Sonya Referenced CHOICE survey. There a question that asked whether or not customers were interested in saving money in programs and 75% originally decided to participate because they thought they'd save money.

12:41:22 PM Vice Chairman Gardner to Witness Cooper.  
Note: Harward, Sonya Referenced paragraph 2 of Settlement/Stipulation, regarding 8% for the AMRP.

12:43:43 PM Witness Cooper excused from the stand.  
12:43:59 PM Witness Katko returned to the stand.  
12:44:13 PM Vice Chairman Gardner to Witness Katko.  
Note: Harward, Sonya Questioned regarding slippage.

12:46:45 PM Witness Katko leaves the stand.  
12:46:56 PM Columbia Atty. Leslie  
Note: Harward, Sonya There is a Motion from Columbia to strike part of the testimony of Mr. Radigan, the AG's witness. The Motion seems moot at this point and she'd like to withdraw it.

12:47:29 PM Chairman, Motion withdrawn.  
12:47:37 PM PSC Atty. Gregg  
Note: Harward, Sonya -LFUCG has voted to accept the Settlement/Stipulation.  
Note: Harward, Sonya -Lastly, notice for this hearing was published.  
Note: Harward, Sonya -There is a Motion from Columbia for deviation concerning issue with publication of notice. Staff preparing an Order shortly for Commission to accept the deviation.

12:48:38 PM LFUCG Atty. David Barberie (LFUCG - Exhibit 1)  
Note: Harward, Sonya Lexington Fayette Urban County Government voted to accept Settlement/Stipulation.

12:49:36 PM Chairman Armstrong - Settlement/Stipulation accepted for filing and Hearing adjourned.  
12:49:52 PM Session Paused



# Exhibit List Report

2013-00167\_13Nov2013

Columbia Gas of Kentucky

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<b>Name:</b>	<b>Description:</b>
AG - Exhibit 1	Affadavit of Dennis Howard
LFUCG - Exhibit 1	

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF GAS RATES )  
OF COLUMBIA GAS OF ) Case No. 2013-00167  
KENTUCKY, INC. )

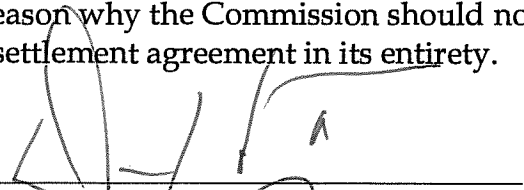
**AFFIDAVIT OF DENNIS G. HOWARD, II**

Commonwealth of Kentucky )  
)  
)

Dennis G. Howard, II, (hereinafter "undersigned counsel") being first duly sworn, states the following:

1. The undersigned has been counsel in the above captioned case since the date the Attorney General moved for intervention in the matter.
2. The undersigned counsel has participated fully in the litigation, including but not limited to: the filing of requests for information, the review of the information, the review of any and all other discovery matters, the filing of any pleadings, and most, if not all, other involvement related to or associated with the case.
3. The undersigned counsel participated fully in settlement negotiations in good faith amongst all the parties.
4. Further, as it relates to the settlement of this case, the undersigned states (as taken verbatim from the Commission's oath regarding settlements):
  - a. I was aware of, and did have an opportunity to participate in, all of the settlement negotiations that resulted in the settlement agreement.
  - b. I did voluntarily sign the settlement agreement and do fully support each and every provision contained therein.
  - c. There are not any provisions in the settlement agreement that I do not understand, object to, or take issue with.

- d. No consideration of any kind was offered, nor promises made, other than what is expressly set for the in the settlement agreement, to induce me to negotiate and sign the settlement agreement.
- e. I am not aware of any reason why the Commission should not adopt and approve the settlement agreement in its entirety.

  
\_\_\_\_\_  
Dennis G. Howard, II

SUBSCRIBED AND SWORN to before me this 7<sup>th</sup> day of November, 2013.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: 10/25/2015

RESOLUTION NO. 608 -2013

A RESOLUTION AUTHORIZING THE DEPARTMENT OF LAW'S EXECUTION, ON BEHALF OF THE URBAN COUNTY GOVERNMENT, OF A UNANIMOUS STIPULATION AND RECOMMENDATION (SETTLEMENT AGREEMENT), AND ANY OTHER NECESSARY RELATED DOCUMENTS, IN KENTUCKY PUBLIC SERVICE COMMISSION CASE NO. 2013-00167, PERTAINING TO THE RATES OF COLUMBIA GAS OF KENTUCKY, INC., WHICH SETTLEMENT IS SUBJECT TO THE APPROVAL OF THE KENTUCKY PUBLIC SERVICE COMMISSION.

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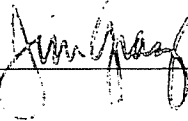
BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That the Department of Law, on behalf of the Lexington-Fayette Urban County Government, be and hereby is authorized to execute the unanimous Stipulation and Recommendation (Settlement Agreement), and any other necessary related documents, in Kentucky Public Service Commission Case No. 2013-00167, pertaining to the rates of Columbia Gas of Kentucky, Inc., which settlement is subject to the approval of the Kentucky Public Service Commission.

Section 2 - That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: November 7, 2013

MAYOR



ATTEST:

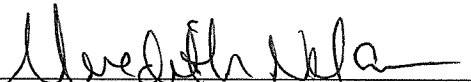
  
CLERK OF URBAN COUNTY COUNCIL

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## CERTIFICATION

I, Meredith E. Nelson, Clerk of the Urban County Council, do hereby certify that the foregoing is a true and correct copy of Resolution No. 608-2013, which was passed at a meeting of the Lexington-Fayette Urban County Council held on November 7, 2013.

Given under my hand and Seal of the Lexington-Fayette Urban County Government this 12th day of November, 2013.

  
\_\_\_\_\_  
Clerk of the Urban County Council