

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

APPLICATION OF COLUMBIA GAS)

OF KENTUCKY, INC. FOR AN) CASE NO.

ADJUSTMENT OF GAS RATES) 2007-00008

**RESPONSE OF THE ATTORNEY GENERAL TO THE
REQUEST OF COLUMBIA GAS OF KENTUCKY, INC.**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. FOR AN ADJUSTMENT)
OF GAS RATES)

Case No. 2007-00008

ATTORNEY GENERAL'S RESPONSES TO
DISCOVERY REQUESTS OF COLUMBIA GAS OF KENTUCKY

Comes now the Attorney General of the Commonwealth of Kentucky, by
and through his Office of Rate Intervention, and states as follows for his
responses to the discovery requests of Columbia Gas of Kentucky, Inc.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



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LAWRENCE W. COOK
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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to:

Hon. David Jeffrey Barberie
Corporate Counsel
Lexington-Fayette Urban County
Government
Department Of Law
200 E. Main St.
Lexington, KY 40507

Hon. David F. Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 E. 7th St.
Ste. 1510
Cincinnati, Ohio 45202

Hon. Richard S. Taylor
Attorney at Law
Capital Link Consultants
225 Capital Avenue
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Hon. Matthew R. Malone
Attorney at Law
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The Equus Bldg.
127 W. Main Street
Lexington, KY 40507

Hon. Vincent A. Parisi
Attorney at Law
Interstate Gas Supply, Inc.
5020 Bradenton Avenue
Dublin, OH 43017

all on this 11th day of July, 2007.


Assistant Attorney General

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.) CASE NO. 2007-00008

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

Pursuant to the Commission's Order in this case, dated April 19, 2007, Columbia Gas of Kentucky, Inc. ("Columbia") propounds the following data requests to be answered by the Office of the Attorney General 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.

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 requests 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 of its attorneys in this proceeding:

Stephen B. Seiple
200 Civic Center Drive
P.O. Box 117
Columbus, OH 43216-0117
Telephone: (614) 460-4648
Fax: (614) 460-6986
Email: sseiple@nisource.com

Richard S. Taylor
225 Capital Avenue
Frankfort, KY 40601
Telephone: (502) 223-8967
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**Attorney General's Responses to the Data Requests of
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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 to supplement your response with respect to any question directly addressed to the identity and location of persons 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 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 the data request all parts thereof 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, require you to state his or her full name and residential and business address; (b) a corporation, require 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, require 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, require you to state the number of pages and the nature of the document (e.g., letter of memorandum). Its title, its date, the name or names of its authors and recipients, and its present location and custodian; (e) a communication, require 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

**Attorney General's Responses to the Data Requests of
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with respect to each and every such document: (a) describe the nature of the document (e.g., letter of 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 the attorney-client privilege, the work-product doctrine, or other ground, then do the following with respect to each and every document; (a) describe the nature of the document (e.g., letter of 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,

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discussions, 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.

**Attorney General's Responses to the Data Requests of
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Data Requests relating to the testimony of Dr. Woolridge:

Witness Responsible:

Dr. J. Randall Woolridge

Question 1. Please provide an electronic copy of the Direct Testimony of Dr. Woolridge in its native format (i.e., Microsoft Word, WordPerfect, etc.).

Response:

The testimony is provided on the CD in the "Testimony folder."

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 2. Regarding the Schedules identified as Exhibit __ (JRW-1) through Exhibit __ (JRW-10), please provide an electronic copy of each schedule in its native format (i.e., Microsoft Excel, Lotus 1-2-3, etc.) with all formulas intact.

Response:
The Schedules are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 3. Regarding the Direct Testimony of J. Randall Woolridge, page 6, line 9. Please provide the yields on ten-year Treasury Bonds portrayed on the graph. The response should include both a hard copy and an electronic copy of the yields.

Response:
The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 4: Regarding the Direct Testimony of J. Randall Woolridge, page 7, line 7. Please provide the yield spreads on Corporate Bonds rated Baa portrayed on the graph. The response should include both a hard copy and an electronic copy of the yields used to derive the spreads.

Response:

The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 5: Regarding the Direct Testimony of J. Randall Woolridge, page 8, and footnote (1). Please provide a copy of the article "The Shrinking Equity Risk Premium" from which the quote was taken.

Response:
The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
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Witness Responsible:
Dr. J. Randall Woolridge

Question 6: Regarding the Direct Testimony of J. Randall Woolridge, page 9, and footnote (2). Please provide a copy of the source document "Measuring Financial Risk in the Twenty-First Century."

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 7: Regarding the Direct Testimony of J. Randall Woolridge, page 12, lines 13-15 and Exhibit__(JRW- 2). Please provide a complete copy of the *AUS Utility Reports* for June 2007.

Response:
The requested information is provided on the CD in the "Reference" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 8: Regarding the Direct Testimony of J. Randall Woolridge, page 15, line 16 and footnote (3). Please provide a complete copy of the document "The Ultimate Poison Pill: Closing the Value Gap."

Response:
The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 9: Regarding the Direct Testimony of J. Randall Woolridge, page 16 line 23 and footnote (4). Please provide a complete copy of the document "A Note on Value Drivers."

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 10: Regarding the Direct Testimony of J. Randall Woolridge, pages 16, 17, and 18. For each of the graphs please provide the individual data points and the source documents in both hard copy and electronically in their native format with all formulas intact and regression statistics for the Value Line Electric Companies, Gas Distribution Companies, and Water Companies.

Response:

The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 11: Regarding the Direct Testimony of J. Randall Woolridge, page 19, lines 9-10 and page 1 of Exhibit__(JRW- 4). Please provide the workpapers and source documents showing the data points for the yields on A-rated public utility bonds. These data should be in both hard copy and electronic formats.

Response:

The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 12: Regarding the Direct Testimony of J. Randall Woolridge, page 20, lines 8-9 and pages 2 and 3 of Exhibit__(JRW- 4). Please provide the workpapers and source documents showing the data points for the yearly "dividend yield," "return on equity," and "market-to-book ratios" for the Dow Jones Utilities.

Response:
The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 13: Regarding the Direct Testimony of J. Randall Woolridge, page 21, lines 13-20 and Exhibit__(JRW- 5). Please provide the names of the 30 firms and individual betas for the Natural Gas (Distribution) group.

Response:

The companies are not provided in the source used by Dr. Woolridge. However, since the data are derived from Value Line, the group includes the Value Line Gas Utility Industry. The companies and betas for this group, as of July 2007, are provided on the CD in the "Spreadsheets" folder in the 'Gas Companies.xls' file.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 14: Regarding the Direct Testimony of J. Randall Woolridge, page 23 lines 14-17. Please list each of the reasons why the CAPM provides a less reliable indication of the cost of equity for public utilities.

- (a) Are these reasons unique to public utilities, or do they apply to all stocks?
- (b) Please provide an explanation of each reason listed and provide copies of any empirical studies or other citations that support each reason.

Response:

- (a) In Dr. Woolridge's opinion, it is because of the debate over the measurement and magnitude of the equity risk premium used in the CAPM.
- (b) The issues of the measurement and magnitude of the equity risk premium is discussed at length in Dr. Woolridge's testimony.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 15: Regarding the Direct Testimony of J. Randall Woolridge, page 25, and footnote (6). Please provide a copy of the chapter from the book that contains the referenced description of the Three-Stage DCF Model.

Response:

The textbook is out of print. The section of the textbook is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 16: Regarding the Direct Testimony of J. Randall Woolridge, page 29, lines 1-6 and Exhibit__(JRW- 6) page 2. Please provide a complete copy of each source document "AUS Utility Reports" for the monthly dividend yields covering the period January 2007 through June 2007.

Response:
The requested information is provided on the CD in the "Reference" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 17: Regarding the Direct Testimony of J. Randall Woolridge, page 29, line 15 and footnote (7). Please provide a complete copy of the direct testimony of Gordon and Gould before the F.C.C. in Docket No. 79-05.

Response:
The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 18: Regarding the Direct Testimony of J. Randall Woolridge, page 30, lines 10.
Please provide a citation to the future test-year end rate base that has been
proposed in this case.

Response:

In this case, the reference is not to any specific future test-year rate base,
but instead is to any post-test year-end adjustments that are made to the
rate base.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 19: Regarding the Direct Testimony of J. Randall Woolridge, page 31, lines 11-18 and Exhibit__(JRW- 6) page 5. Please provide a hardcopy of the source documents from Yahoo/First Call, Reuters, and Zacks.

Response:

The requested information is provided on the CD in the "EPS Forecasts" folder. The source documents provided reflect the projected EPS growth rates from Yahoo/First Call, Reuters, and Zacks as of June 22nd. The original electronic source documents, which were obtained on June 6th, were inadvertently written over when the documents were updated on the 22nd. Of the 27 growth rates (nine companies and three sources), only four changed from the 6th to the 22nd. They are noted in italics and underline in the table below. The overall mean and median projected RPS growth rate figures did not change.

Company	Sym	Yahoo First Call	Reuters	Zack's	Average
AGL Resources	ATG	4.50%	<u>4.67%</u>	4.00%	4.39%
Atmos Energy	ATO	5.80%	5.58%	5.30%	5.56%
Laclede Group, Inc.	LG	NA	3.00%	<u>3.00%</u>	3.00%
New Jersey Resources	NJR	4.50%	5.25%	5.00%	4.92%
NICOR	GAS	4.00%	3.30%	2.00%	3.10%
Northwest Natural Gas Company	NWN	5.00%	5.33%	5.30%	5.21%
Piedmont Natural Gas, Inc.	PNY	<u>4.80%</u>	<u>4.58%</u>	5.50%	4.96%
South Jersey Industries	SJI	6.50%	6.33%	6.50%	6.44%
WGL Holdings, Inc.	WGL	3.50%	3.33%	3.00%	3.28%
Mean		4.8%	4.6%	4.4%	4.5%
Median		4.7%	4.7%	5.0%	4.9%

Data Sources: www.zacks.com, www.investor.reuters.com, http://quote.yahoo.com. June 22, 2007.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 20: Regarding the Direct Testimony of J. Randall Woolridge, page 31, lines 11-18 and Exhibit__(JRW- 6) page 5. Please state the number of securities analysts that contribute to each of the growth rates published by Yahoo/First Call, Reuters, and Zacks for each of the individual companies.

Response:
The requested information is not provided by any of the three services.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 21: Regarding the Direct Testimony of J. Randall Woolridge, page 31, lines 11-18. Please list the number of "sell side" and "buy side" analysts that have contributed to each forecast of earnings growth compiled by Yahoo/First Call, Reuters, and Zacks. Please provide a copy of the supporting data and source documents for the response.

Response:

The requested information is not provided by any of the three services.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 22: Regarding the Direct Testimony of J. Randall Woolridge, page 38, line 14.
Please provide in both hard copy and electronic forms the numerical
values shown on the graph.

Response:
The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 23: Regarding the Direct Testimony of J. Randall Woolridge, page 39, line 10.
Please provide the source documents for the yields associated with the 2-
year, 3-year, 5-year, 10-year, and 30-year maturities.

Response:

The source document is embedded in the testimony which is provided on
the CD in the "Testimony" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 24: Regarding the Direct Testimony of J. Randall Woolridge, page 42, line 12.
Please provide a complete copy of the source document from the *Journal of Portfolio Management* (Winter 2003) noted as the source.

Response:

The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 25: Regarding the Direct Testimony of J. Randall Woolridge, page 43, line 8, and footnote (10). Please provide a copy of the source document from *Journal of Monetary Economics* (1985).

Response:
The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 26: Regarding the Direct Testimony of J. Randall Woolridge, page 44, line 2, and footnote (11). Please provide a copy of the source document from *The Journal of Finance* (April 2002).

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 27: Regarding the Direct Testimony of J. Randall Woolridge, page 45, line 2, and footnote (12). Please provide a copy of the source document from the *Journal of Finance* (October 2001).

Response:

The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 28: Regarding the Direct Testimony of J. Randall Woolridge, page 46, lines 1-14 and Exhibit__(JRW- 7) page 3. Please provide the workpapers for the updated study results performed by Dr. Woolridge. Those workpapers should be in hard copy form and electronic form in their native format with all formulas intact.

Response:

The updates refer to the Ibbotson Study, the Duke University – CFO Survey, the Survey of Financial Forecasters, and the Survey by Ivo Welch. The updated articles are provided on the CD in the “Articles” folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 29: Regarding the Direct Testimony of J. Randall Woolridge, page 46, line 2, and footnote (13). Please provide a copy of the source document entitled "Equity Risk Premium: Expectations Great and Small."

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 30: Regarding the Direct Testimony of J. Randall Woolridge, page 47, line 2, and footnote (14). Please provide a copy of the source document from the *Financial Analysts Journal* (January 2003).

Response:
The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 31: Regarding the Direct Testimony of J. Randall Woolridge, page 47, line 10, and footnote (15). Please provide a copy of the source document from the *Journal of Portfolio Management* (Winter 2003).

Response:
The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 32: Regarding the Direct Testimony of J. Randall Woolridge, page 49, lines 1-3. Please provide a complete copy of the University of Michigan Consumer Research.

Response:
The source document is embedded in the testimony which is provided on the CD in the "Testimony" folder.

**Attorney General's Responses to the Data Requests of
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Witness Responsible:
Dr. J. Randall Woolridge

Question 33: Regarding the Direct Testimony of J. Randall Woolridge, page 51, line 8, and footnote (17). Please provide a copy of the source document "The Real Cost of Equity."

Response:

The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 34: Regarding the Direct Testimony of J. Randall Woolridge, page 54, lines 14-17. Please provide a complete copy of the Graham and Harvey survey from March 2007 issue of CFO Magazine.

Response:

The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 35: Regarding the Direct Testimony of J. Randall Woolridge, page 56, line 4, and footnote (19). Please provide a copy of the source document "The Perplexing Issue of Valuation: Will the Real Value Please Stand Up?"

Response:

The article is provided on the CD in the "Articles" folder.

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Witness Responsible:
Dr. J. Randall Woolridge

Question 36: Regarding the Direct Testimony of J. Randall Woolridge, page 56, line 15, and footnote (20). Please provide a copy of the source document "Welcome to Bull Country" and "Choosing the Right Mixture."

Response:

The article is provided on the CD in the "Articles" folder.

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Columbia Gas of Kentucky
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Witness Responsible:
Dr. J. Randall Woolridge

Question 37: Regarding the Direct Testimony of J. Randall Woolridge, page 58, line, 10, and footnote (21). Please provide a copy of the source document "The Real Cost of Equity" *McKinsey on Finance* (Autumn 2002).

Response:
The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 38: Regarding the Direct Testimony of J. Randall Woolridge, page 58, lines 12-15, and page 3 of Exhibit__ (JRW- 7). Please provide a copy of each of the source documents listed on page 3 of this Exhibit used to calculate the "Equity Risk Premium." Those source documents should include:

Ibbotson Associates, *SBBI Yearbook*, 2007.

James Claus and Jacob Thomas, "Equity Risk Premia as Low as Three Percent? Empirical Evidence from Analysts' Earnings Forecasts for Domestic and International Stock Market." *Journal of Finance*. (October 2001).

Eugene F. Fama and Kenneth R. French, "The Equity Premium," *The Journal of Finance*, April. 2002.

Elroy Dimson, Paul Marsh, and Mike Staunton, "New Evidence puts Risk Premium in Context," *Corporate Finance* (March 2003)

Ivo Welch, "The Equity Risk Premium Consensus Forecast Revisited," (September 2001). Cowles Foundation Discussion Paper No. 1325.

Federal Reserve Bank of Philadelphia, *Survey of Professional Forecasters*, February 13, 2007

Marc H. Goedhart, Timothy M. Koller, and Zane D. Williams, "The Real Cost of Equity ," *McKinsey on Finance* (Autumn 2002), p.14.

Roger Ibbotson and Peng Chen, "Long Run Returns: Participating in the Real Economy," *Financial Analysts Journal*, January 2003

Response:

The articles are provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 39: Regarding the Direct Testimony of J. Randall Woolridge, page 65, line 22, and footnote (22). Please provide a copy of the source document "Utility Stocks and the Size Effect: An Empirical Analysis."

Response:
The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 40: Regarding the Direct Testimony of J. Randall Woolridge, pages 66 through 69. In testimony previously submitted by Dr. Woolridge listed in Appendix A, has he ever proposed an allowance for flotation costs as part of the cost of equity? If the answer is affirmative, please provide a copy of that testimony. If not, please so state.

Response:

To the best of Dr. Woolridge's knowledge, he has not proposed a flotation cost adjustment in any rate case.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 41: Regarding the Direct Testimony of J. Randall Woolridge, pages 66 through 69. Under what conditions would Dr. Woolridge propose a flotation cost adjustment? If there are none, please so state.

Response:

In Dr. Woolridge's opinion, the only flotation costs that should be recoverable are out-of-pocket expenses, and they should be recovered as part of the cost of service and not added to the cost of common equity.

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**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 42: Regarding the Direct Testimony of J. Randall Woolridge, page 70, line 23, and footnote (23). Please provide a copy of the source document "The N-Stage Discount Model and Required Return: A Comment."

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 43: Regarding the Direct Testimony of J. Randall Woolridge, page 71, lines 13-16. Does Dr. Woolridge dispute that the research by Miller/Modigliani established a relationship between capital structure and the cost of capital? Please provide support for the response.

Response:
The Miller – Modigliani proposition, found in all corporate finance text books, indicates that the cost of capital is independent of the capital structure.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 44: Regarding the Direct Testimony of J. Randall Woolridge, page 80, line 11, and footnote (25). Please provide a copy of the same document from the *Financial Analysts Journal* (January – February 1985).

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 45: Regarding the Direct Testimony of J. Randall Woolridge, page 82, line 9, and footnote (26). Please provide a copy of the source document from the *Journal of Financial Economics*, (1983).

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 46: Regarding the Direct Testimony of J. Randall Woolridge, page 85, lines 7-8, and Exhibit JRW-8. Please provide the workpapers in electronic form with all formulas intact and source documents for each yield and annual market return indicated on the graphs.

Response:
The data are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 47: Regarding the Direct Testimony of J. Randall Woolridge, page 88 and 89, and Exhibit JRW-9. Please provide the workpapers in electronic form with all formulas intact and source documents for each of the projected returns.

Response:
The data and workpapers are provided on the CD in the "Spreadsheets" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 48: Regarding the Direct Testimony of J. Randall Woolridge, page 95, and footnote (28). Please provide a copy of the source document "Analysts Still Coming Up Rosey-Over Optimism on Growth Rates is Rampant."

Response:

The article is provided on the CD in the "Articles" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 49: Regarding the Direct Testimony of J. Randall Woolridge, page 97, line 1. Please provide the workpapers and source documents for each of the growth rates indicated on the chart. In particular, specify the years covered by the forecasts of growth and the years covered by the actual growth for each date point.

Response:

The data are provided on the CD in the "Spreadsheets" folder in the 'Columbia Gas-KY Schedules.xls file, Schedule JRW-10.1. The coverage is from 1960-2005.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 50: Regarding the Exhibit__ (JRW- 9). Please provide the workpapers and source documents for the equity returns, including: the dates of the Value Line reports, the years covered by the Value Line forecasts, the values used to calculate the (i) Value Line projected four-year return (ii) S&P 500 one-year returns, and (iii) the S&P 500 actual four-year returns.

Response:

The data and workpapers for the study are provided on the CD in the "Spreadsheets" folder. The requested information is in the file "Value Line Study 2004."

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Dr. J. Randall Woolridge

Question 51: Please provide a copy of the direct testimony and Exhibits submitted by Dr. Woolridge in the most recent Atmos rate case before the Kentucky PSC.

Response:

The data are provided on the CD in the "Testimony" folder.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Data Requests relating to the testimony of Mr. King:

Witness Responsible:
Charles W. King

Question 52. Regarding the Direct Testimony of Charles W. King, page 4, lines 14-15.
Please explain how Mr. King believes that Columbia partially offsets base charge increases with reductions in commodity charges.

Response:

The overall rate case impact of the base charge increase on sales customers is mitigated by the reductions in the commodity charges. This is what is meant by "offset."

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 53. Regarding the Direct Testimony of Charles W. King, page 5, lines 4-5. Mr. King states that "all sales and transportation customers will pay the same customer and commodity rates." Please explain how Mr. King believes this differs from Columbia's current rate structure.

Response:

The proposed rate structure differs from the present rate structure in that there is a customer ("base") charge in lieu of a large charge for the first Mcf of gas consumed. It appears that the current rate structure also charges identical rates to sales and transportation customers.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 54. Regarding the Direct Testimony of Charles W. King, page 6, lines 1-2.
Please explain why Mr. King believes that under Columbia's proposed tariff, the distinction between interruptible and transportation services virtually disappears.

Response:

It is Mr. King's understanding that transportation customers are considered to be interruptible in the sense that Columbia takes no responsibility for providing them gas or gas transportation. If they fail to deliver gas to the city gates, they can be interrupted.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 55. Regarding the Direct Testimony of Charles W. King, page 8, lines 12-15.
Please describe the type of changed circumstances that might necessitate a re-examination of the appropriate balance between what portions of Columbia's rates should be placed in the customer charge versus the portion applicable to the volumetric charge.

Response:

Mr. King's rationale for flowing the rate increases into the base (customer) charge relate to the dramatic increase in gas prices during the last two years. If gas prices declined, it might be appropriate to reexamine the relationship between the customer and the commodity charges.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 56. Regarding the Direct Testimony of Charles W. King, page 21, lines 1-6. Does Mr. King have a recommendation for the development of the surcharges to be used to recover AMRP costs from commercial and industrial customers. If so, please describe the recommendation and its rationale.

Response:

Please see the referenced testimony. Mr. King recommends that, if the Commission accepts the AMRP surcharge – which he does not recommend -- 50 percent of each class's allocation of AMRP costs should be collected by means of a customer charge and 50 percent should be collected on a volumetric basis.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 57. Regarding the Direct Testimony of Charles W. King, the table at top of page 12. Please provide the workpapers that show the calculation of the percentage increases or decreases for each customer class.

Response:

Please see the attached workpaper file.

Columbia Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Year Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

Schedule M-2.3
 Page 23 of 40
 Witness: Mr. P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (\$)
1	GTR	GTS Choice - Residential							
2		RESIDENTIAL							
3		Customer Charge:	325,805		12.75	4,154,013.75	51.3	0.00	4,154,013.75
4		Commodity Charge:							
5		First 1 Mcf		248,197.5	1.8241	452,737.06	5.6	0.00	452,737.06
6		Over 1 Mcf		1,843,514.2	1.8241	3,362,754.25	41.6	0.00	3,362,754.25
7		EAP Recovery			0.0579	121,110.11	1.5	0.00	121,110.11
8		Total	325,805	2,091,711.7		8,090,615.17	100.0	0.00	8,090,615.17

[1] Reflects Normalized Volumes.

Annualized Test Year Revenue at Proposed Vs. Most Current Rates

Witness: ... P. Balmert

For the 12 Months Ended September 30, 2006

(Gas Service)

Data: X Base Period _ Forecasted Period

Type of Filing: X Original _ Update _ Revised

Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	GTO	GTS Choice - Commercial							
2		COMMERCIAL							
3		Customer Charge:	42,961		28.00	1,202,908.00	31.2	0.00	1,202,908.00
3		Commodity Charge:							
4		First 1 Mcf		31,352.9	1.8241	57,190.82	1.5	0.00	57,190.82
5		Next 49 Mcf		525,272.1	1.8241	958,148.84	24.9	0.00	958,148.84
6		Next 350 Mcf		607,351.6	1.7142	1,041,122.11	27.0	0.00	1,041,122.11
7		Next 600 Mcf		193,752.1	1.6324	316,280.93	8.2	0.00	316,280.93
8		Over 1,000 Mcf		<u>185,430.2</u>	1.4806	<u>274,547.95</u>	<u>7.2</u>	<u>0.00</u>	<u>274,547.95</u>
9		Total	42,961	1,543,158.9		3,850,198.65	100.0	0.00	3,850,198.65

[1] Reflects Normalized Volumes.

Columbia Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Year Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

Schedule M-2.3
 Page 25 of 40
 Witness: ... P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less	% of Rev To	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H)
						Gas Cost Revenue (F) (\$)	Total Less Gas Cost Revenue (G) (%)		(I) (\$)
1	GTO	GTS Choice - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	108		28.00	3,024.00	3.4	0.00	3,024.00
4		Commodity Charge:							
5		First 1 Mcf		102.2	1.8241	186.42	0.2	0.00	186.42
6		Next 49 Mcf		4,094.0	1.8241	7,467.87	8.4	0.00	7,467.87
7		Next 350 Mcf		19,055.7	1.7142	32,665.28	36.6	0.00	32,665.28
8		Next 600 Mcf		16,851.3	1.6324	27,508.06	30.8	0.00	27,508.06
9		Over 1,000 Mcf		12,498.6	1.4806	18,505.43	20.6	0.00	18,505.43
10		Total	108	52,601.8		89,357.06	100.0	0.00	89,357.06

[1] Reflects Normalized Volumes.

City of Louisville Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Case Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

Schedule M-2.3
 Page 26 of 40
 Witness: ... P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (E + H) (I) (\$)
1	DS-IS	GTS Interruptible Service - Commercial							
2		COMMERCIAL							
3		Demand Charge:		24,456.0	6.5482			160,142.78	160,142.78
4		Customer Charge:	347		200.00	69,400.00	7.2	0.00	69,400.00
5		Administrative Charge:	347		55.90	19,397.30	2.0	0.00	19,397.30
6		Commodity Charge:							
7		First 30,000 Mcf		1,451,367.2	0.6027	874,739.01	90.8	95,644.71	970,383.72
8		Over 30,000 Mcf		<u>0.0</u>	0.3192	<u>0.00</u>	<u>0.0</u>	<u>0.00</u>	<u>0.00</u>
9		Total	347	1,451,367.2		963,536.31	100.0	255,787.49	1,219,323.80

[1] Reflects Normalized Volumes.

Crest Gas of Kentucky, Inc.
Case No. 2007-00008
Annualized Test Case Revenues at Proposed Rates
For the 12 Months Ended September 30, 2006
(Gas Service)

Data: X Base Period _ Forecasted Period
Type of Filing: X Original _ Update _ Revised
Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	DS-IS	GTS Interruptible Service - Industrial							
2		INDUSTRIAL							
3		Demand Charge:		27,120.0	6.5482			177,587.18	177,587.18
3		Customer Charge:	554		200.00	110,800.00	2.8	0.00	110,800.00
4		Administrative Charge:	554		55.90	30,968.60	0.8	0.00	30,968.60
5		Commodity Charge:							
6		First 30,000 Mcf		4,873,093.0	0.6027	2,937,013.15	74.5	546,446.50	3,483,459.65
7		Over 30,000 Mcf		<u>2,701,723.0</u>	0.3192	<u>862,389.98</u>	<u>21.9</u>	<u>0.00</u>	<u>862,389.98</u>
8		Total	554	7,574,816.0		3,941,171.73	100.0	724,033.68	4,665,205.41

[1] Reflects Normalized Volumes.

Co' nia Gas of Kentucky, Inc.
Case No. 2007-00008
Annualized Test Year Revenues at Proposed Rates
For the 12 Months Ended September 30, 2006
(Gas Service)

Data: X Base Period _ Forecasted Period
Type of Filing: X Original _ Update _ Revised
Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue (H) (\$)	Proposed Total Revenue (F+H) (\$)
1	DS-SMITH	GTS Special Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	3.1	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	0.9	0.00	670.80
5		Commodity Charge:							
6		First 30,000 Mcf		117,208.0	0.6368	74,638.05	96.0	0.00	74,638.05
7		Over 30,000 Mcf		0.0	0.3384	0.00	0.0	0.00	0.00
8		Total	12	117,208.0		77,708.85	100.0	0.00	77,708.85

[1] Reflects Normalized Volumes.

Co' ia Gas of Kentucky, Inc.
Case No. 2007-00008
Annualized Test Year Revenues at Proposed Rates
For the 12 Months Ended September 30, 2006
(Gas Service)

Data: X Base Period _ Forecasted Period
Type of Filing: X Original _ Update _ Revised
Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	DS-GS	GTS General Service - Commercial							
2		COMMERCIAL							
3		Demand Charge:		8,532.0	6.5482			55,869.24	55,869.24
4		Customer Charge:	216		28.00	6,048.00	1.4	0.00	6,048.00
5		Administrative Charge:	216		55.90	12,074.40	2.8	0.00	12,074.40
6		Commodity Charge:							
7		First 1 Mcf		216.0	1.8241	394.01	0.4	114.41	508.42
8		Next 49 Mcf		10,576.0	1.8241	19,291.68	0.0	5,561.52	24,853.20
9		Next 350 Mcf		73,116.1	1.7142	125,335.62	29.2	22,936.73	148,272.35
10		Next 600 Mcf		99,428.4	1.6324	162,306.92	37.8	6,743.10	169,050.02
11		Over 1,000 Mcf		<u>69,902.7</u>	1.4806	<u>103,497.94</u>	<u>28.4</u>	<u>0.00</u>	<u>103,497.94</u>
12		Total	216	253,239.2		428,948.57	100.0	91,225.00	520,173.57

[1] Reflects Normalized Volumes.

Co' nia Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Year Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F+H) (I) (\$)
1	DS-GS	GTS General Service - Industrial							
2		INDUSTRIAL							
3		Demand Charge:		4,248.0	6.5482			27,816.75	27,816.75
4		Customer Charge:	108		28.00	3,024.00	1.5	0.00	3,024.00
5		Administrative Charge:	108		55.90	6,037.20	3.0	0.00	6,037.20
6		Commodity Charge:							
7		First 1 Mcf		107.0	1.8241	195.18	0.3	62.41	257.59
8		Next 49 Mcf		4,965.0	1.8241	9,056.66	0.0	3,057.95	12,114.61
9		Next 350 Mcf		30,708.0	1.7142	52,639.65	26.1	13,989.61	66,629.26
10		Next 600 Mcf		40,386.0	1.6324	65,926.11	32.6	3,005.95	68,932.06
11		Over 1,000 Mcf		<u>44,018.0</u>	1.4806	<u>65,173.05</u>	<u>36.5</u>	<u>0.00</u>	<u>65,173.05</u>
12		Total	108	120,184.0		202,051.85	100.0	47,932.67	249,984.52

[1] Reflects Normalized Volumes.

Columbia Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Year Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

Schedule M-2.3
 Page 31 of 40
 Witness: J. P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less	% of Rev To	Gas Cost	Proposed Total
						Gas Cost Revenue (F) (\$)	Total Less Gas Cost Revenue (G) (%)	Revenue [2] (H) (\$)	Revenue (I) (F + H) (\$)
1	DS3	GTS Main Line Service - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	24		200.00	4,800.00	0.0	0.00	4,800.00
4		Administrative Charge:	24		55.90	1,341.60	5.6	0.00	1,341.60
5		Commodity Charge:							
6		All Gas Consumed		<u>208,083.0</u>	0.0858	<u>17,853.52</u>	<u>94.4</u>	<u>0.00</u>	<u>17,853.52</u>
7		Total	24	208,083.0		23,995.12	100.0	0.00	23,995.12

[1] Reflects Normalized Volumes.

Columbia Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Year Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

Data: Base Period Forecasted Period
 Type of Filing: Original Update Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	FX1	GTS Flex Rate - Commercial							
2		COMMERCIAL							
3		Customer Charge:	12		200.00	2,400.00	8.7	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	2.4	0.00	670.80
5		Commodity Charge:							
6		Rate Schedule FX1		195,837.7	0.1250	24,479.71	88.9	0.00	24,479.71
7		Total	12	195,837.7		27,550.51	100.0	0.00	27,550.51

[1] Reflects Normalized Volumes.

Co' nia Gas of Kentucky, Inc.
Case No. 2007-00008
Annualized Test x... Revenues at Proposed Rates
For the 12 Months Ended September 30, 2006
(Gas Service)

Schedule M-2.3
Page 33 of 40
Witness: ... P. Balmert

Data: X Base Period _ Forecasted Period
Type of Filing: X Original _ Update _ Revised
Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	FX2	GTS Flex Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	10		200.00	2,000.00	49.5	0.00	2,000.00
4		Administrative Charge:	10		55.90	559.00	13.8	0.00	559.00
5		Commodity Charge:							
6		All Gas Consumed		11,855.0	0.1250	1,481.88	36.7	0.00	1,481.88
7		Total	10	11,855.0		4,040.88	100.0	0.00	4,040.88

[1] Reflects Normalized Volumes.

Co' nia Gas of Kentucky, Inc.
 Case No. 2007-00008
 Annualized Test Year Revenues at Proposed Rates
 For the 12 Months Ended September 30, 2006
 (Gas Service)

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 Witness: Mr. P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/ Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost (F) (\$)	% of Rev To Total Less Gas Cost (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (I + H) (\$)
1	FX4	GTS Flex Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	4.8	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	1.3	0.00	670.80
5		Commodity Charge:							
6		All Gas Consumed		144,672.0	0.3250	47,018.40	93.9	0.00	47,018.40
7		Total	12	144,672.0		50,089.20	100.0	0.00	50,089.20

[1] Reflects Normalized Volumes.

Co' nia Gas of Kentucky, Inc.
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 Witness: J. P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/ Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed	% of Rev To	Gas Cost Revenue [2] (H) (\$)	Proposed
						Revenue Less Gas Cost Revenue (F) (\$)	Total Less Gas Cost Revenue (G) (%)		Total Revenue (I) (\$)
1	FX5	GTS Flex Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	34		200.00	6,800.00	1.5	0.00	6,800.00
4		Administrative Charge:	34		55.90	1,900.60	0.4	0.00	1,900.60
5		Commodity Charge:							
6		All Gas Consumed		5,152,027.0	0.0858	442,043.92	98.1	0.00	442,043.92
7		Total	34	5,152,027.0		450,744.52	100.0	0.00	450,744.52

[1] Reflects Normalized Volumes.

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For the 12 Months Ended September 30, 2006
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Data: X Base Period _ Forecasted Period
Type of Filing: X Original _ Update _ Revised
Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	FX6	GTS Flex Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	10.0	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	2.8	0.00	670.80
5		Commodity Charge:							
6		All Gas Consumed		<u>244,692.0</u>	0.0858	<u>20,994.57</u>	<u>87.2</u>	<u>0.00</u>	<u>20,994.57</u>
7		Total	12	244,692.0		24,065.37	100.0	0.00	24,065.37

[1] Reflects Normalized Volumes.

Co' nia Gas of Kentucky, Inc.
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Data: X Base Period _ Forecasted Period
Type of Filing: X Original _ Update _ Revised
Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost Revenue (F) (\$)	% of Rev To Total Less Gas Cost Revenue (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F+H) (I) (\$)
1	FX7	GTS Flex Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	0.0	0.00	2,400.00
4		Administrative Charge:	12		0.00	0.00	0.0	0.00	0.00
5		Commodity Charge:							
6		First 25,000 Mcf		300,000.0	0.4500	135,000.00	64.6	0.00	135,000.00
7		Over 25,000 Mcf		<u>286,958.0</u>	0.2500	<u>71,739.50</u>	<u>35.4</u>	<u>0.00</u>	<u>71,739.50</u>
8		Total	12	586,958.0		209,139.50	100.0	0.00	209,139.50

[1] Reflects Normalized Volumes.

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Proposed Annualized

Line No.	Rate Code (A)	Class/ Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed	% of Rev To	Gas Cost Revenue [2] (H) (\$)	Proposed
						Revenue Less Gas Cost Revenue (F) (\$)	Total Less Gas Cost Revenue (G) (%)		Total Revenue (I) (\$)
1	SAS	GTS Special Agency Service							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	8.0	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	2.2	0.00	670.80
5		Commodity Charge:							
6		First 30,000		49,380.6	0.5467	26,996.37	89.8	0.00	26,996.37
7		Over 30,000		0.0	0.2905	0.00	8.0	0.00	0.00
8		Total	12	49,380.6		30,067.17	108.0	0.00	30,067.17

[1] Reflects Normalized Volumes.

Columbia Gas of Kentucky, Inc.
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 Witness: Mr. P. Balmert

Data: X Base Period _ Forecasted Period
 Type of Filing: X Original _ Update _ Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less Gas Cost (F) (\$)	% of Rev To Total Less Gas Cost (G) (%)	Gas Cost Revenue [2] (H) (\$)	Proposed Total Revenue (F + H) (I) (\$)
1	SC2	GTS Special Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	7.1	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	2.0	0.00	670.80
5		Commodity Charge:							
6		All Gas Consumed		<u>234,904.0</u>	0.1300	<u>30,537.52</u>	<u>90.9</u>	<u>0.00</u>	<u>30,537.52</u>
7		Total	12	234,904.0		33,608.32	100.0	0.00	33,608.32

[1] Reflects Normalized Volumes.

Columbia Gas of Kentucky, Inc.
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 Witness: W. P. Balmert

Data: Base Period Forecasted Period
 Type of Filing: Original Update Revised
 Work Paper Reference No(s):

Proposed Annualized

Line No.	Rate Code (A)	Class/Description (B)	Customer Bills (C)	Sales [1] (D) (Mcf)	Proposed Rates (E) (\$/Mcf)	Proposed Revenue Less	% of Rev To	Gas Cost	Proposed Total
						Gas Cost Revenue (F) (\$)	Total Less Gas Cost Revenue (G) (%)	Revenue [2] (H) (\$)	Revenue (F + H) (I) (\$)
1	SC3	GTS Special Rate - Industrial							
2		INDUSTRIAL							
3		Customer Charge:	12		200.00	2,400.00	0.6	0.00	2,400.00
4		Administrative Charge:	12		55.90	670.80	0.2	0.00	670.80
5		Commodity Charge:							
6		All Gas Consumed		3,239,241.0	0.1300	421,101.33	99.2	0.00	421,101.33
7		Total	12	3,239,241.0		424,172.13	100.0	0.00	424,172.13

[1] Reflects Normalized Volumes.

Sales Services

Residential

Customer Charge:	-	\$ 12.75
Commodity Charge:		
First 1 Mcf	\$ 6.9500	1.8241
Over 1 Mcf	\$ 1.8715	1.8241
EAP Recovery	\$ 0.0579	0.0579

Commercial and Industrial

Customer Charge:	0.00	\$ 28.00
Commodity Charge:		
First 1 Mcf	\$ 18.8800	
Next 49 Mcf	\$ 1.8715	1.8241
Next 350 Mcf	\$ 1.8153	1.7124
Next 600 Mcf	\$ 1.7296	1.6324
Over 1,000 Mcf	\$ 1.5802	1.8406

GDS Rates

	Present	Proposed
Customer Charge:	\$ -	\$ 28.00
Commodity Charge:		
First 1 Mcf	\$ 18.88	\$ 1.7142
Next 49 Mcf	\$ 1.8715	\$ 1.7142
Next 350 Mcf	\$ 1.8153	\$ 1.7142
Next 600 Mcf	\$ 1.7296	\$ 1.6324
Over 1,000 Mcf	\$ 1.5802	\$ 1.4806

Interruptible

Interruptible Sales Service

Customer Charge:	\$ 116.55	\$ 200.00
Administrative Charge:		\$ 55.90
Commodity Charge:		
First 30,000 Mcf	\$ 0.5467	\$ 0.6027
Over 30,000 Mcf	\$ 0.2905	\$ 0.3192

Delivery Service

Customer Charge:		\$ 200.00
Administrative Charge:	\$ 55.90	\$ 55.90

Commodity Charge:

First 30,000 Mcf	\$ 0.5467	\$ 0.6027
Over 30,000 Mcf	\$ 0.2905	\$ 0.3192

		Customer Bills	1st Mcf	Difference	1st Mcf Rate	Revenue Effect
GSR GTR	Residential	1,524,161	1,134,357	389,804	\$ 6.95	\$ 2,709,139
GSO GTO	General Service Other	133,490	95,202	38,288	\$ 18.88	\$ 722,877
GTS	Choice	43,069	31,455	11,614	\$ 18.88	\$ 219,270
	Total					\$ 3,651,287

	Total Company	General Service Residential	General Service Other	Intrastate Utility Sales	Delivery Service
Demand-Commodity					
Before Increase	1.00	0.64	2.19	-0.87	0.08
After Increase	1.00	1.12	1.28	0.08	0.14
Customer- Demand					
Before Increase	1.00	0.00	2.84	-0.48	4.42
After Increase	1.00	0.62	1.63	0.45	2.46

Residential		
GSR	Residential	42.3%
GTR	Choice - Residential	38.5%
General Service - Other		
GSO	Commercial Sales	12.3%
GSO	Industrial Sales	-2.0%
GTO	Choice - Commercial	9.8%
GTO	Choice - Industrial	-2.8%
Delivery Service		
GTS-IS	Interruptible -Commercial	19.3%
GTS--IS	Interruptible - Industrial	14.1%
DS-GS	Delivery - Commercial	-2.8%
DS-GS	Delivery - Industrial	-2.5%
IUS	Intrastate Utility Sales	186.3%

		Before Increase	After Increase
IS	I nterruptible Service - Commercial	146	0
IS	Interruptible Service - Industrial	530	0
DS-IS	GTS Interruptible Service - Commercial	347	347
DS-IS	GTS Interruptible Service - Industrial	<u>554</u>	<u>554</u>
	Total Interruptible	1,577	901

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 58. The increase in rates proposed in Columbia's application in this docket is \$12,645,522. Exhibit CWK-1, Schedule 6, attached to the Direct Testimony of Charles W. King reflects that the Company Requested Increase is \$12,504,091. Please reconcile the requested increase shown on Exhibit CWK-1, Schedule 6, attached to the Direct Testimony of Charles W. King with the \$12,645,522 included in Columbia's application.

Response:

The figure of \$12,504,091 was taken from Schedule 2.2, column M, line 17. It does not include the increases in the bad check and reconnection charges. Since these are Columbia's numbers, Columbia is in a better position to reconcile them than is Mr. King.

**Attorney General's Responses to the Data Requests of
Columbia Gas of Kentucky
Case No. 2007-00008**

Witness Responsible:
Charles W. King

Question 59. Regarding the Direct Testimony of Charles W. King, page 8, lines 4-5.
Please provide documentation that supports the assertion that gas customers have suffered triple-digit increases in the Gas Cost Adjustment in the last two years.

Response:

In December 1995 and January 2006, the cost of gas was \$14.54 per mcf. In December 2002 and January 2003, the cost was \$5.71. Increase: 156% between those two winter periods. Source: Response to AG 1-124.