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February 14, 2007

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FEB 14 2007

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: *Case No. 2007-00008 (Application of Columbia Gas of Kentucky, Inc.)*

Dear Ms. O'Donnell:

Please find enclosed herewith for filing an original and 10 copies of Interstate Gas Inc.'s Motion to Intervene in the above-referenced matter. Please contact me should you have any questions or concerns.

Regards,



Matthew Malone

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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FEB 14 2007

In the matter of:

:

Case No. 2007-00008

PUBLIC SERVICE
COMMISSION

:

Application Of Columbia Gas of Kentucky, Inc. :

For An Adjustment of Gas Rates :

INTERSTATE GAS SUPPLY, INC.'S MOTION TO INTERVENE

Comes Interstate Gas Supply, Inc. ("IGS") pursuant to 807 KAR 5:001 Section 3(8), by counsel, and moves for full intervenor status in this action to the fullest extent permitted by law, on behalf of itself and those consumers that it serves through the Customer Choice Program ("Choice Program"). In support of this Motion, IGS states as follows:

The Choice Program allows Columbia Gas Inc. ("Columbia") customers to decide who delivers natural gas for their home or business. IGS is the largest competitive supplier in the Choice Program. IGS currently supplies natural gas to over 26,000 Columbia customers.

IGS understands and identifies with Columbia's need to seek a rate adjustment in this matter. Moreover, IGS does not generally object to Columbia's request for a rate adjustment. However, certain parts of the Choice Program create a situation wherein the proposed rate adjustment may be unequally allocated between Choice Program customers and non-Choice Program customers. IGS has a substantial interest in these proceedings because the rate adjustment proposed by Columbia will directly impact IGS, current Choice Program customers, and future Choice Program customers.

Although it is too early in the proceeding for IGS to know exactly which issues may present concerns for Choice Program customers and IGS, there are several issues that IGS has already identified in the filing that if permitted, could create inequities for Choice Program customers. For example, Columbia seeks to increase the base rate to each of its customers (the

“Customer Charge”). It appears that Columbia requests an increase in the Customer Charge to offset inventory costs. Likewise, it appears that Columbia seeks to increase the Customer Charge to minimize losses associated with its accounts receivable. In either event, an increase in the Customer Charge will affect all Columbia customers, including those who utilize the Choice Program.

IGS also incurs inventory costs and accounts receivable costs. These inventory costs are included in the rates IGS customers pay. Increasing the Customer Charge for Columbia’s Customers, including those who are being supplied natural gas through the Choice Program, will unequally subject IGS’ customers to double payment. Accordingly, IGS and its customers have a substantial interest in these proceedings.

With respect to account receivable costs, Columbia collects customer payments for IGS. In return, IGS pays a percentage of its monthly revenues to Columbia for Columbia’s costs arising from collection and accounts receivables (the “Collection Cost”). IGS consumers already pay for the Collection Cost as this amount is included in their cost of supply. Increasing the Customer Charge to offset account receivable losses will likely subject IGS customers to double payment.

Increasing the Customer Charge will detrimentally affect the ability of IGS to compete in this marketplace. IGS cannot be competitive if Choice Program customers pay twice for the same services. Increasing rates for these or similar reasons will place IGS at a competitive disadvantage. As such, IGS has a substantial interest in these proceedings.

These proceedings could also involve other issues of critical importance to IGS, its current customers and future customers. IGS provides an integral service to its current and future Choice Program customers intricately linked to the Columbia’s proposed rate adjustment.

IGS and its customers have a substantial interest in these proceedings which are not adequately represented. The Commission should grant IGS Motion for full intervention status so IGS can evaluate all submissions made by Columbia (and others) to represent the interests of IGS and its current and potential consumers.

Wherefore, IGS respectfully requests that it be permitted to intervene in the above-referenced matter.

Respectfully submitted,

HURT, CROSBIE & MAY PLLC



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INTERSTATE GAS SUPPLY, INC.

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CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of this Motion to Intervene were served via hand-delivery upon Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; furthermore, it was served by mailing a copy by first class U.S. Mail, postage prepaid, on the following, all on this 14th day of February, 2007.

Hon. Stephen B. Seiple
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Hon. Richard S. Taylor
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Hon. Dennis G. Howard, II
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ATTORNEY FOR INTERSTATE GAS SUPPLY, INC.