

HURT, CROSBIE & MAY PLLC

WILLIAM C. HURT, JR.
SCOTT A. CROSBIE
WILLIAM H. MAY, III
MICHAEL D. KALINYAK
STEVEN LENARZ
MATTHEW R. MALONE
AARON D. REEDY
JENNIFER S. SCUTCHFIELD

THE EQUUS BUILDING
127 WEST MAIN STREET
LEXINGTON, KENTUCKY 40507

(859) 254-0000
FACSIMILE (859) 254-4763

March 20, 2007

RECEIVED

MAR 20 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 Response in the above-referenced matter. Please contact me should you have any questions or concerns.

Regards,



Matthew Malone

Enclosures

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

MAR 20 2007

PUBLIC SERVICE
COMMISSION

In the matter of: : Case No. 2007-00008
:
Application Of Columbia Gas of Kentucky, Inc. :
For An Adjustment of Gas Rates :

**INTERSTATE GAS SUPPLY, INC.'S RESPONSE TO COLUMBIA GAS OF
KENTUCKY, INC'S REPLY TO INTERSTATE GAS SUPPLY, INC'S MOTION TO
INTERVENE**

Comes Interstate Gas Supply, Inc. ("IGS") in response to Columbia Gas of Kentucky, Inc.'s ("Columbia") reply regarding the proposed intervention of IGS, on behalf of itself and those consumers that it serves through the Customer Choice Program ("Choice Program"). In support of its response, IGS states as follows:

IGS' motion to intervene ("Motion") is based upon its twofold concern that Columbia's proposed rate increase will (i) further impact customers of IGS and other providers under the Choice Program in that some of the proposed increases are for items that Choice customers are already potentially paying for twice, and that continuing this practice and increasing the rates would (ii) continue an existing inequity and place IGS and other Choice Program providers at a continued competitive disadvantage. Further, as IGS stated in its Motion and reiterates in this Response, IGS is uniquely situated as a supplier on the Columbia system and is important to a just and reasonable outcome to this proceeding as it represents the interests of its Choice customers and itself.

On March 8, 2007, Columbia filed a reply ("Reply") to IGS' Motion. In its Reply, Columbia seeks denial of IGS' Motion. Columbia asserts that IGS lacks a substantial interest in these proceedings as the Attorney General will adequately represent any interest of IGS'

customers. *Reply* at 1. Columbia further seeks to strike allegations made by IGS in its Motion. *Reply* at 2.

With respect to Columbia's first assertion, that the Attorney General will adequately represent the interests of IGS customers, it is clear from the Attorney General's comments ("Comments") that the Attorney General supports IGS' participation. The Attorney General's Comments fully support IGS' Motion based upon the potential of Choice Program customers paying twice for certain items, IGS' commercial interest and that a full and just resolution of the issues cannot be made without granting IGS full intervention. Therefore, the Attorney General and IGS agree that IGS should be permitted to intervene in order to fully protect the rights of IGS.

Second, even though the Attorney General has the ability to appear before regulatory bodies to protect consumer interests (see KRS 367.150(8)), the Attorney General does not protect the commercial interest of IGS. Columbia's proposed rate adjustment will affect both the interests of IGS' customers as well as the competitive commercial interests of IGS. Columbia's Reply does not address the substantial commercial interest of IGS at all. In contrast, IGS' Motion articulates a direct and substantial concern for the proposed rate adjustment to IGS' commercial interests, which is distinct from the interest of IGS' customers. In its Comments, the Attorney General opines that if this proposed rate adjustment will detrimentally affect IGS' ability to compete in the marketplace then a full and just resolution of the issues cannot be made without granting IGS full intervention. *Comments* at 1. Accordingly, full intervention of IGS is necessary to protect its commercial interest in these proceedings.

In order to fully intervene, a party must have a substantial interest in the proceedings which is not otherwise adequately represented. 807 KAR 5:001 § 3(8). Columbia seeks to strike

the allegations made by IGS in its Motion. IGS articulated basic allegations in order to demonstrate its substantial interest in the proceedings. IGS' allegations are not inflammatory. However, without demonstrating a substantial interest in the Motion, and apprising the Commission regarding its substantial interest, IGS would lack a basis to fully intervene.

In short, IGS has demonstrated a substantial interest in these proceedings allowing full intervention per 807 KAR 5:001 § 3(8).

Wherefore, IGS respectfully requests that it be permitted to fully intervene in the above-referenced matter and that Commission deny the Reply of Columbia.

Respectfully submitted,

HURT, CROSBIE & MAY PLLC



William H. May, III
Matthew R. Malone
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
(859) 254-0000 (office)
(859) 254-4763 (facsimile)

Counsel for the Petitioner,
INTERSTATE GAS SUPPLY, INC.

Of Counsel:

General Counsel, Interstate Gas Supply, Inc.:
Vincent A. Parisi, Esq.
Direct Dial: (614) 734-2649
E-mail: vparisi@igsenergy.com
P: (614) 734-2616 (facsimile)
5020 Bradenton Avenue
Dublin, Ohio 43017

CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of this Response 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 20th day of March, 2007.

Hon. Mark Kempic
Columbia Gas of Kentucky, Inc.
Assistant General Counsel
501 Technology Drive
Canonsburg, PA 15417

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

Hon. Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601

Hon. Dennis G. Howard, II
Hon. Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
Utility and Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Hon. David J. Barberie
Hon. Leslye M. Bowman
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

Hon. David F. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, Ohio 45202

A handwritten signature in black ink, appearing to read "Matthew P. Lowry". The signature is written in a cursive, flowing style.

ATTORNEY FOR INTERSTATE GAS SUPPLY, INC.