COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF COLUMBIA GAS OF KENTUCKY, INC. TO IMPLEMENT A SMALL VOLUME GAS TRANSPORTATION SERVICE TO CONTINUE ITS GAS COST INCENTIVE MECHANISMS, AND TO CONTINUE ITS CUSTOMER ASSISTANCE PROGRAM	))))))	CASE NO. 99-165

O R D E R

IT IS ORDERED that Columbia Gas of Kentucky, Inc. ("Columbia") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a response requires multiple pages, each page should be indexed appropriately, for example, Item 1(a), page 2 of 4. With each response, include the name of the witness who will be responsible for responding to questions related thereto. Careful attention should be given to copied material to ensure that it is legible. The information is due April 14, 2000.

1. Describe in detail all specific capacity release and off-system sales activities in which Columbia no longer has the incentive to engage, absent the Commission's restoring Columbia's gas cost incentive sharing mechanisms.

2. Under Columbia's financial model as modified by the Commission, all off-system sales revenue is used to offset stranded costs. If Columbia's gas cost incentive mechanisms are restored as Columbia requests, there will be less off-system sales

revenue available to delay Phase II of capacity assignment. Specifically, there will be $6,284,000 less available in off-system sales revenues. Even if customers' capacity release sharing portion of $2,904,000 is restored, there will still be $3,380,000 less available to off-set stranded costs. Explain why Columbia believes this situation to be preferable in terms of delaying or avoiding Phase II of capacity assignment, and how this approach will benefit its customers and the Customer Choice program.

3. Provide an example calculation, with any necessary narrative description, showing Columbia's intended treatment of stranded contract demand costs as described in the rehearing testimony of Scott D. Phelps.

4. Columbia distribution companies in several other states have some form of Small Volume Gas Transportation ("SVGT") program in place, either as a pilot program or on a more permanent basis. For each of these companies provide a detailed description of any utility/shareholder incentive mechanisms built into its program.

5. Columbia proposes that its gas cost incentive mechanisms be restored and indicates specifically what portion of capacity release revenue will result from releasing capacity not taken by marketers to serve their customers.

a. Indicate whether Columbia has considered any alternatives regarding capacity release or off-system sales other than those provided in Columbia's original application and repeated in the rehearing testimony of Scott D. Phelps.

b. If Columbia has not considered other alternatives, explain whether it considers there to be only two potential outcomes in this area: either its proposal or the Commission's January 27, 2000 decision.

6. Given its position on the manner in which the Commission should exert its jurisdiction over marketers explain whether it is Columbia's intention to provide the marketer information required by the Order of January 27, 2000.

7. For each of the jurisdictions in which Columbia distribution companies are offering SVGT programs provide the following information:

a. The specific statutes and regulations governing the state commission's authority to regulate marketers.

b. A detailed description of how the commission in each of those states is addressing the regulation of marketers pursuant to its statutory authority.

8. The first full sentence on page 2 of Columbia's Rehearing Brief filed March 28, 2000 states, "Assuming, arguendo, that the Commission does indeed possess the requisite statutory power to exercise authority over marketers participating in Columbia's Customer Choice program. . . ." Explain whether Columbia believes there is some uncertainty as to the Commission's authority to exert jurisdiction over marketers.

9. Assuming the Commission concludes that it should exercise its jurisdiction of marketers through the provisions of Columbia's proposed tariffs, as per Columbia's request, explain whether Columbia intends to be answerable to the Commission for any and all consumer disputes involving marketers enrolled in the SVGT program.

Done at Frankfort, Kentucky, this 4th day of April, 2000.

By the Commission

ATTEST:

Executive Director