COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC. TO IMPLEMENT A NEW SMALL VOLUME GAS TRANSPORTATION SERVICE, A GAS PRICE HEDGING PLAN, AN OFF-SYSTEM SALES AND CAPACITY RELEASE REVENUE SHARING MECHANISM, AND A GAS COST INCENTIVE MECHANISM	)	CASE NO. 2004-00462

COMMISSION STAFF'S SUPPLEMENTAL DATA REQUEST
TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. ("Columbia") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 9 copies of the following information, with a copy to all parties of record. The information requested herein is due on January, 28, 2005. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Item 1 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004, Attachment A. The CHOICE programs in Ohio and Pennsylvania have 14 and 8 suppliers participating, respectively, while the

Kentucky program has had, at most, 4 suppliers, at a given point in time. Describe, in Columbia's opinion, what has attracted so many suppliers to the Ohio and Pennsylvania programs compared to the number of marketers in its program.

2. Refer to Item 2 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004.

a. In response to Item 2(a), Columbia indicated it understood the CHOICE suppliers were not actively marketing to new customers. Does Columbia have any opinions as to why this is the case? If so, provide these opinions.

b. In response to Items 2(b) and 2(c), Columbia replied it was not aware of the exact contract terms between suppliers and customers. Should this information be provided to Columbia by the suppliers? Explain the response.

c. For the CHOICE programs offered by Columbia affiliates in other states, are the suppliers participating in those CHOICE programs required to provide the exact contract terms to the Columbia affiliate? Explain the response.

d. Assume the following conditions for this question. Two Columbia customers are considering CHOICE program offers from a supplier. The two customers have identical gas usage patterns and consume the same volumes of gas. One customer lives in Frankfort, the other in Lexington.

(1) Would the terms and conditions offered to the customer in Frankfort be identical to the terms and conditions offered to the customer in Lexington? Explain the response.

(2) If the Frankfort customer was already participating in the CHOICE program and the Lexington customer was considering the CHOICE program

offer, would the terms and conditions offered to the two customers be identical? Explain the response.

3. Refer to Item 2(d) of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004, which lists historical supplier commodity rates.

a. Is it correct that at least one supplier, Interstate Gas Supply ("IGS"), has offered prices that were discounted from Columbia's rates, either by a percentage or by a specific monetary amount?

b. When they offered percentage discounts from Columbia's rates, to what component of Columbia's rates was the percentage calculated? Its Gas Cost Adjustment? Its Expected Gas Cost? Something else? Explain the response.

4. Refer to Item 5 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004. Columbia states that marketers believe that providing incentives for Columbia to promote the CHOICE program is an essential component necessary for the program's success. Did the participating marketers indicate that they did not believe that Columbia had promoted the CHOICE program in the past? Explain the response.

5. Refer to Item 10 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004.

a. The response refers to pilot incentive programs approved for other distribution companies in Kentucky that received a 50/50 "sharing program" in the past. Identify the other companies to which the response refers.

b. Is Columbia aware that the sharing ratios approved for other gas distribution companies in Kentucky, which were 50/50 at one time, have been modified to provide a share of savings in excess of 50 percent to those companies' customers? Explain the response.

6. Refer to Item 13, page 4 of 4, of the response to the Commission Staff's First Data Request dated December 17, 2004. In the discussion of the proposed changes to the Dispute Resolution section, Columbia states, "Other requirements, though not explicitly stated, remain within Columbia's jurisdictional oversight of marketers." Explain what Columbia means by "jurisdictional oversight of marketers" and provide examples of this jurisdictional oversight.

7. Refer to Item 14 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004, which discusses its evaluation of marketers. Describe in detail any interest that has been expressed to Columbia by marketers not already participating in the program.

8. Refer to Item 16 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004, regarding its planned reporting of its hedging activity to the Commission. Explain in detail the extent to which a report filed by June 1 of a given year will include information on all positions established for the upcoming heating season. Will no positions be established subsequent to June 1? Explain.

9. Refer to Item 20 of Columbia's response to the Commission Staff's First Data Request dated December 17, 2004. Columbia states that the Pennsylvania program was modified in 2004 to provide for the use of financial contracts and to eliminate caps and collars. Explain why caps and collars were eliminated.

Beth O'Donnell
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Public Service Commission
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DATED: __January 18, 2005__

cc: All Parties