

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF COLUMBIA GAS OF KENTUCKY, INC. TO)	
AMEND ITS DEMAND-SIDE MANAGEMENT ENERGY)	CASE NO.
EFFICIENCY AND CONSERVATION RIDER)	2012-00016

ORDER

On January 12, 2012, Columbia Gas of Kentucky, Inc. ("Columbia") filed with this Commission its Energy Efficiency and Conservation Rider Report along with an Energy Efficiency and Conservation Rider rate it proposed for the 12-month period beginning January 31, 2012.¹ There are no intervenors in this proceeding; however, Community Action Council of Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. ("CAC"), and the Attorney General's Office of Rate Intervention ("AG") participated in an Informal Conference ("IC") with Columbia and Commission Staff on January 23, 2012. CAC and the AG were parties to the settlement of Columbia's 2009 rate case which established the Demand-Side Management ("DSM") Collaborative ("the Collaborative")

¹ The Commission approved Columbia's Energy Efficiency and Conservation Rider tariff in its most recent general rate case, Case No. 2009-00141, Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates (Ky. PSC, Oct. 26, 2009). Columbia filed its initial second-phase DSM proposal and Energy Efficiency and Conservation Rider adjustment proposal and Report on August 2, 2010. With this Energy Efficiency and Conservation Rider rate filing, and on a going-forward basis, Columbia will make one annual filing per year for rates effective with the first February billing, along with a report detailing the program's activity for the 12-month period ending October 31.

in which they are participants. On January 31, 2012, the Commission issued its Order suspending this case for five months, up to and including June 30, 2012, pending a Final Order in this proceeding. On February 20, 2012, Columbia filed responses to a Commission Staff request for information. The case now stands submitted for decision.

Columbia's application in this proceeding contained a proposed reduction in its Energy Efficiency and Conservation Rider rate, as well as a request for an IC to discuss potential DSM program changes in 2012. At the January 23, 2012 IC, Columbia explained the agreements made during the recent meeting of its DSM Collaborative, which produced changes from what was contained in its January 12, 2012 application. Columbia also provided information concerning the performance of its WarmWise Energy Efficiency Program ("Program"). Columbia informed Staff that the Collaborative had agreed for Columbia to continue using the DSM surcharge amount it had used the first two years of its three-year pilot. This agreement, in effect, replaced the proposal to reduce the surcharge amount by flowing over-recoveries from years 1 and 2 through the Energy Efficiency Conservation Program Balance Adjustment ("EECPBA") of the surcharge mechanism, which Columbia proposed in its Application. Columbia explained why the DSM programs had not been as successful as expected and why it had not spent as much as had been budgeted for the programs' first two years. CAC and the AG confirmed that they had no objection to Columbia maintaining its current surcharge rate as opposed to implementing the reduction it had proposed in its application.

On January 26, 2012, Columbia filed a Request to Deviate from Certain Provisions of its Tariff in order to calculate its EECPBA for the initial three-year term of

the Program in its next annual report. Columbia requested Commission approval to deviate from Sheet Nos. 51e and f of its tariff, which require that it calculate the EECPPA on a 12-month basis, and for permission to withdraw the EECPPA revision it had proposed in its Application.

In its February 20, 2012 responses to Commission Staff's information request, Columbia emphasized its opinion that including the EECPPA credit in its rates could limit participation in the third year of its pilot Program. Problems surrounding limited participation in its Low-Income Furnace Replacement, Home Energy Audits, and Appliance Rebate programs in the first two years of these programs' implementation could be resolved in 2012, according to Columbia, with participation in some programs potentially exceeding original annual expectations. Columbia stated that a waiver of the EECPPA requirement would enable it to spend its three-year budget over a full three years as opposed to refunding amounts unspent during years one and two of its Program. Columbia estimates that it will spend more than \$1.5 million on its Program in 2012, which will exceed its 2010 and 2011 Program expenditures by \$1.3 million and \$.6 million, respectively. Columbia believes that, if its 2012 estimated spending occurs, the EECPPA filed in its next required annual report should be approximately zero.

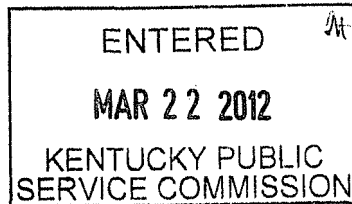
Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that the information contained in Columbia's application, the IC memo filed into the record in this proceeding, as well as responses to Commission Staff's request for information, is in sufficient detail to support the reasonableness of Columbia's proposal to deviate from its tariff and to withdraw its proposed DSM rate adjustment.

IT IS HEREBY ORDERED that:


1. Columbia's proposal to deviate from its tariff is approved and the current Energy Efficiency and Conservation Rider rate shall be maintained, with no adjustment to the EECBPA.

2. In every future filing, Columbia shall comply with the terms of its tariff which require that its annual report and any proposed rate adjustment be filed at least 30 days prior to the effective date of the new rates.

By the Commission



ATTEST.


Executive Director

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