

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF	)	CASE NO.
KENTUCKY, INC. TO CONSOLIDATE AND	)	2014-00350
CONVERT ITS GAS COST INCENTIVE	)	
MECHANISM AND ITS OFF-SYSTEM SALES	)	
AND CAPACITY RELEASE REVENUE SHARING	)	
MECHANISM INTO A PERFORMANCE-BASED	)	
RATE MECHANISM	)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION  
TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. ("Columbia"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of issuance of this request for information. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Columbia fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to page 5 of the application. Provide the annual savings resulting from the Gas Cost Incentive Mechanism ("GCIM") since 2005, broken down to show the customer savings and the amount retained by Columbia.

2. Refer to page 7 of the Application. Provide the annual savings resulting from the Off-System Sales and Capacity Release Revenue Sharing Mechanism ("OSS/CR RSM") since 2005, broken down to show the customer savings and the amount retained by Columbia.

3. Refer to pages 7 and 8, paragraph (o), and to Attachment A of the Application. Explain why Columbia chose the Atmos Energy Corporation ("Atmos") Performance Based Ratemaking ("PBR") mechanism benchmark bands and sharing ratios rather than those of Louisville Gas and Electric Company's ("LG&E") PBR as a model for its proposed PBR Adjustment tariff.

4. Refer to page 29 of Attachment A of the Application. Columbia states, "Both LG&E and Atmos no longer utilize the NYMEX closing price." Original Sheet Nos. 20 and 21 of Atmos's PBR tariff include the New York Mercantile Exchange Settled Closing Price in averaging the Supply Area Index factor for Base Load. State whether Columbia is aware of this provision.

5. Refer to pages 29 through 31 of Attachment A of the Application and to Columbia's proposed PBR tariff.

a. Explain why Columbia is proposing to base its Gas Cost Incentive ("GCI") benchmark on first-of-the-month prices only. The explanation should include a discussion of why this proposal is superior to Atmos's and LG&E's benchmark calculations, which are based on averages of daily, weekly, and monthly prices for each pipeline serving their systems, as pointed out on page 29 of Attachment A.

b. Explain why Columbia has not included a delivery area component in its proposed GCI.

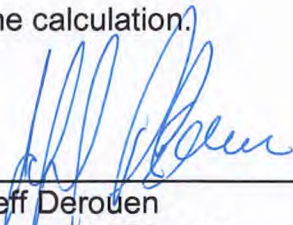
c. Explain why purchases made at Columbia's city gate and supply reservation fees are excluded from the proposed GCI.

6. Refer to pages 33 through 34 of Attachment A of the Application and to Columbia's proposed PBR tariff.

a. Provide a detailed explanation of the different categories of cost to be netted against off-system sales revenues in the calculation of the Off-system Sales Incentive ("OSS"). Provide the amount of such cost that Columbia has included in each of the last five years in the calculation of its OSS/CR RSM.

b. Confirm that, in spite of the discussion of an actual cost benchmark with regard to the OSSI on page 34, Columbia is not proposing to compare off-system sales to a benchmark.

7. Refer to pages 34 through 35 of Attachment A of the Application and to Columbia's proposed PBR tariff. Provide example calculations, using Columbia's actual gas cost information for the 12 months ended March 31, 2014, showing the effect on the Performance Based Rate Adjustment ("PBRA") of netting capacity release revenues against transportation cost as proposed by Columbia, compared with the PBRA if capacity release revenues were not included in the calculation.



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Jeff Derouen  
Executive Director  
Public Service Commission  
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DATED NOV 20 2014

cc: Parties of Record

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