

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF COLUMBIA GAS OF)
KENTUCKY, INC. TO EXTEND ITS SMALL) CASE NO.
VOLUME GAS TRANSPORTATION SERVICE) 2017-00115

ORDER

On March 1, 2017, Columbia Gas of Kentucky, Inc. (“Columbia”) submitted a tariff filing to continue its pilot Small Volume Gas Transportation Service (“SVGTS”) and Small Volume Aggregation Service (“SVAS”) tariffs (collectively “the CHOICE program”), for five years effective March 31, 2017, through March 31, 2022. The pilot CHOICE program extension was last approved in Case No. 2013-00167¹ and was scheduled to expire March 31, 2017. Columbia proposed no change to the CHOICE program or its tariffs. On March 8, 2017, the Commission issued an Order suspending the effective date of the proposed tariffs for one day and allowing them to go into effect on April 1, 2017, subject to future change by the Commission. The Commission’s March 8, 2017 Order established a procedural schedule allowing for data requests to Columbia and a hearing if requested by the parties or required by the Commission.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”) and Interstate Gas Supply, Inc. (“IGS”) were granted intervention in this proceeding. Columbia responded to two data requests from both the AG and Commission Staff (“Staff”). Columbia, the AG, and IGS have all stated that a

¹ Case No. 2013-00167, *Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates for Gas Service* (Ky. PSC Dec. 13, 2013).

hearing is not needed in this matter, and that it can be decided based on the existing record.

Columbia has offered the CHOICE program to its customers since 2000. Under the program, customers using less than 25,000 Mcf annually and who qualify for Columbia's General Service or Intrastate Utility Sales Service rate schedules can choose to purchase their natural gas supply from a marketer rather than from Columbia.² Columbia reports that as of May 2016, 26,224 customers and 11 marketers were participating in the program.³

In Case No. 2012-00132,⁴ Columbia provided results of a comprehensive survey of customer perceptions which showed conflicting results for customer goals, outcomes, and program status. In response to questions concerning its plan for addressing issues identified by the survey, Columbia indicated that, following the 2012 survey, its bill format was re-designed so that CHOICE customers can see the names of their chosen marketers, the marketers' cost of gas, and marketer contact information on their bills. Columbia stated that it will provide additional information to customers including: adding information to customer bills directing customers to Columbia's call center and Web site to obtain resources explaining the CHOICE program and providing cost comparison information; mailing a new annual notification to its CHOICE customers to provide additional awareness of their participation separate from their monthly bills; and

² The General Service rate schedule offers firm natural gas sales service to residential, commercial and industrial customers. The Intrastate Utility Sales Service is available for intrastate utilities purchasing natural gas for resale for consumption solely within Kentucky.

³ Response to Commission Staff's Second Request for Information, Items 6 and 7.

⁴ Case No. 2012-00132, *Columbia Gas of Kentucky, Inc. Filing of Customer Choice Survey Results* (Ky. PSC Feb. 8, 2013).

communications it is willing to develop in conjunction with participating marketers and Commission Staff to ensure that customers are fully aware of the CHOICE program.⁵

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's request to continue its pilot CHOICE program through March 31, 2022, should be approved as proposed, with the Commission continuing to receive annual reports from Columbia.

2. Columbia's informational additions to customer bills should include a link to the Commission's Web site at <http://psc.ky.gov/Home/ColumbiaChoice> where comparative price information concerning Columbia's and marketers' gas cost can be found.

3. Columbia should include price comparison charts with customer bills once per quarter so that they can compare Columbia's gas cost with participating marketers' prices. The quarterly bill inserts should be provided immediately after Columbia's Gas Cost Recovery rates are approved by the Commission, along with the statement that marketer offerings are subject to change more frequently.

4. Columbia should explore, on its own and with participating marketers, the most effective ways to further educate customers regarding availability of the CHOICE program, features of the program, their own status as participants in the program and which marketer is serving them, how they can determine if they are saving money as participants in the program, and how to evaluate comparative price information in the context of the program. The measures that appear to be most effective in terms of results and cost should be implemented.

⁵ Response to Commission Staff's First Request for Information, Item 3.

5. Eighteen months before the expiration of the CHOICE program extension approved herein, Columbia should file a CHOICE Program Status Report (“Status Report”) which includes details of education activities in which it or participating marketers have engaged, the amount Columbia spends on each activity, and customer response to such activities. This filing will be reviewed in a case initiated by the Commission in order to rule on the Status Report’s adequacy.

6. The Status Report filing should also include the format of a survey to follow up on the one conducted as part of Case No. 2012-00132. The survey questions should receive Commission approval and be conducted between the closing of the 2020 Status Report case and Columbia’s filing for approval of its next program extension. The survey results should be used by Columbia and participating marketers to guide further education efforts.

7. Columbia should file for approval of its next CHOICE program extension six months before the program approval expires, and include in that application the results of the aforementioned follow-up survey.

IT IS THEREFORE ORDERED that:

1. The term of Columbia’s pilot CHOICE program is extended through March 31, 2022.

2. Within 20 days of the date of this Order, Columbia shall file with this Commission, using the Commission’s electronic Tariff Filing System, revised SVGTS and SVAS tariffs which reflect the five-year extension of the program and reflecting that such extension was approved pursuant to this Order.

3. Columbia shall continue to file CHOICE program annual reports on or before June 1st of each year.

4. Columbia shall add to customer bills a link to the Commission Web site's CHOICE program comparative gas cost information.

5. Columbia shall provide quarterly bill inserts to its customers that include current CHOICE program cost comparisons as directed herein.

6. Columbia and marketers participating in the Choice program shall develop and undertake additional measures to educate customers concerning the program as directed herein.

7. No later than September 30, 2020, Columbia shall file a Status Report which includes details of education activities in which it or participating marketers have engaged, the amount Columbia spends on each activity, and customer response to such activities.

8. Columbia shall include with the September 30, 2020 Status Report application the format of a CHOICE program survey for Commission approval, with the survey to be conducted before Columbia's next filing for approval of the Choice program extension.

9. Columbia shall file no later than September 30, 2021 an application to continue, modify, or terminate its CHOICE program.

By the Commission

ENTERED
JUN 19 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2017-00115

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