

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter of: : CASE NO. 2016-00162

The Application of Columbia Gas of :
Kentucky, Inc. for an Adjustment of Rates :

**INTERSTATE GAS SUPPLY, INC.'S REPLY TO THE OBJECTION AND RESPONSE
OF COLUMBIA GAS OF KENTUCKY, INC. TO THE MOTION OF INTERSTATE
GAS SUPPLY, INC. TO INTERVENE**

Comes Interstate Gas Supply, Inc. ("IGS"), by counsel, and in reply to Columbia Gas of Kentucky, Inc.'s ("Columbia") Objection and Response to the motion requesting intervention by IGS, and states as follows:

Columbia's Objection and Response inaccurately characterizes IGS' basis for intervention in this proceeding. IGS meets the standard under 807 KAR 5:001 § 4(11) because the changes Columbia proposes in its Application will clearly impact IGS's business and customers. First, Columbia proposes changes that will allow Columbia to modify delivery points for gas suppliers, including IGS, on the system. In her testimony filed in this proceeding, Columbia's witness Cooper states "Columbia is adding a provision that allows it to designate alternative points of delivery and require Delivery Service Customer deliveries at other point(s) of receipt from time to time." (Cooper Testimony at page 6). IGS serves Delivery Service Customers and it is required to make deliveries for these customers. Thus, the changes Columbia proposes to its tariff will directly impact the deliveries (and costs of deliveries) IGS must make to its customers.

Second, in its motion to intervene IGS explained that Columbia proposes changes to the cash-out mechanism Columbia utilizes for transportation customers. In its Response, Columbia concedes that IGS serves transportation customers that will be impacted by these changes but

claims IGS does not have a special interest in the proceeding. Specifically, Columbia mischaracterizes and cites to dicta from a previous merger/change of control case (not a general rate increase matter) involving Duke Energy Kentucky (Case No. 2011-00124) where Stand Energy sought to intervene in those proceedings. The Commission indicated that Stand Energy's interest in that Duke Energy Kentucky merger/change of control case was too remote to justify intervention and arguably that of a competitor and Duke Energy Kentucky had not requested to establish a fully competitive natural gas market within its territory. Comparably, the case at bar differs as: (1) this is a general rate increase case (not a merger case – which is a wholly different type of case) where Columbia requests changes to its tariffs that will impact IGS (e.g. changes to the cash out mechanism and delivery points); (2) with its proposed tariff changes, Columbia acts in the capacity as a monopoly platform provider of transportation tariffs – not a competitor – and as the monopoly administrator of its transportation tariffs Columbia proposes changes to the cash-outs mechanism that will directly affect the cost structure for IGS to serve its customers; and (3) unlike Duke Energy Kentucky, Columbia has established a fully competitive natural gas market within its territory and allowing Columbia to change its tariffs without input from IGS here seems nonsensical.¹

Finally, in Columbia's previous general rate increase case (Case No. 2013-00167), the parties reached a settlement where Columbia agreed to extend its pilot Choice program through March of 2017. In Case No. 2013-00167, Columbia did not wish to make additional commitments to extend the Choice pilot program even further, or to make Choice a permanent program. Columbia has made no such request or commitment to extend to Choice program past March of 2017 in this proceeding. Thus, to the extent there is any ambiguity as to whether the

¹ As a practical matter, denying intervention would be akin to allowing a party to a written real estate contract (or in our case a tariff) to change the terms or price of the land/home purchase without the approval or even the input of

Choice program will continue IGS should be granted intervention in this proceeding to ensure that the Choice program does not expire after March 2017.

Despite Columbia's claim that it is not making changes to its Choice program, the fact remains that Columbia has made proposals in this proceeding that will directly impact IGS' ability to serve its current customers and the cost IGS will incur to serve these customers. Further, IGS was granted intervention in Columbia's last base rate case (Case No. 2013-00167) because it had an interest in ensuring that Columbia's Choice program is extended. And IGS still has an interest in ensuring the Choice program be extended past March of 2017, because no such commitment was made in Columbia's previous base rate case (Case No. 2013-00167) or in this proceeding.

There is no party that can represent IGS' interest in this proceeding other than IGS and IGS has a special interest in the proceeding. IGS has been a constructive participant in numerous proceedings² in front of this Commission including the last Columbia base rate case (Case No. 2013-00167), which IGS was a settling party. Like in previous proceedings IGS' participation in this proceeding will not unduly complicate or disrupt the proceeding. For these reasons IGS should be granted intervention.

the other party to the transaction.

Respectfully submitted,

HURT, DECKARD & MAY PLLC



William H. May, III
Matthew R. Malone
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
(859) 254-0000 (office)
(859) 254-4763 (facsimile)
mmalone@hdmfirm.com

Counsel for the Petitioner,
INTERSTATE GAS SUPPLY, INC.

CERTIFICATE OF SERVICE

I hereby certify that IGS' July 6, 2016 electronic filing is a true and accurate copy of IGS' Motion to Intervene and cover letter to be filed in paper medium; that the electronic filing has been transmitted to the Commission on July 6, 2016; that an original and one copy of the filing will be delivered to the Commission on July 6, 2016; that there are currently no parties excused from participation by electronic service; and that, on July 6, 2016, electronic mail notification of the electronic filing is provided to the following:

Hon. Stephen B. Seiple
Hon. Brooke E. Wancheck
Columbia Gas of Kentucky, Inc.
290 W. Nationwide Blvd.
Columbus, Ohio 43215

Hon. Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601

Hon. David J. Barberie
Department of Law
200 East Main Street
Lexington, KY 40507

² For over 10 years, the Commission has granted IGS intervention into all of Columbia's general base rate increase cases.

Hon. Kent A. Chandler
Assistant Attorney General
Office of the Attorney General
1024 Capitol Center Drive, Suite 200
Frankfort, Kentucky 40601

Iris G. Skidmore, Esq.
Bates & Skidmore
Attorneys at Law
415 W. Main Street, Suite 2
Frankfort, Kentucky 40601



ATTORNEY FOR INTERSTATE GAS SUPPLY, INC.