

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

**RECEIVED**

In the Matter of: )  
)  
THE APPLICATION OF COLUMBIA GAS )  
OF KENTUCKY, INC. TO IMPLEMENT A )  
NEW SMALL VOLUME GAS TRANSPOR-) )  
TATION SERVICE, A GAS PRICE HEDG-) )  
ING PLAN, AN OFF-SYSTEM SALES AND )  
CAPACITY RELEASE REVENUE SHARING )  
MECHANISM, AND A GAS COST INCEN-) )  
TIVE MECHANISM. )

MAR 22 2005

PUBLIC SERVICE  
COMMISSION

Case No. 2004-00462

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**COMMENTS OF**  
**COLUMBIA GAS OF KENTUCKY, INC.**  
**ON STAFF'S MEMORANDUM**

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On March 15, 2005, the Commission's Staff held an informal conference in the instant case. On March 17, 2005, the Staff filed a Memorandum that summarized the informal conference. Staff invited parties to submit comments on the contents of the Memorandum. Columbia Gas of Kentucky, Inc. ("Columbia") hereby files its Comments on Staff's Memorandum.

In the fourth paragraph of the Memorandum, Staff indicates that there was no consensus on a possible extension of Columbia's current CHOICE Program beyond its current termination date of March 31, 2005. In the fifth paragraph of the Memorandum, Staff notes that "Columbia stated that it could agree to having the Choice Program and off-system sales and capacity release mechanism considered separately from the proposed gas cost incentive mechanism and gas price hedging program in order to have a decision on the Choice Program prior to the March 31, 2005 termination date of the existing Choice Program."

Columbia notes that during the initial portion of the informal conference there may not have been consensus about continuing the current CHOICE Program beyond March 31, 2005, but that by the end of the informal conference, and following a discussion of how the issues interrelate, there did appear to be consensus. At the end of the conference, Columbia understood all the parties to be in agreement that if the Commission did not decide all issues by March 31, 2005, the next best alternative would be for the Commission to decide the CHOICE and the off-system sales/capacity release sharing issues by March 31, and bifurcate the hedging and Gas Cost Incentive Mechanism issues for later decision. Any other alternative would be detrimental to the approximately 40,000 customers participating in the CHOICE Program. All the parties seemed to agree that continuation of the existing CHOICE Program beyond March 31, 2005, was the least desirable alternative.

Columbia also observes that several parties made note of upcoming key dates for the end of March. MxEnergy noted that it needed a Commission decision by March 28 or 29, 2005, in order to purchase gas for its CHOICE customers in April. Columbia further noted that it would need the marketers' April prices by no later than March 30, 2005, in order to correctly bill the marketers' CHOICE rates.

Columbia appreciates Staff providing the parties with the opportunity to comment on the Staff memorandum, and respectfully requests that the Commission issues its order in this case by no later than March 28, 2005.

Dated this 22<sup>nd</sup> day of March 2005.

Respectfully submitted,

**COLUMBIA GAS OF KENTUCKY, INC.**

By: Stephen B. Seiple (gmc)  
Stephen B. Seiple  
Lead Counsel

Stanley J. Sagun, Assistant General Counsel  
Stephen B. Seiple, Lead Counsel  
200 Civic Center Drive  
P.O. Box 117  
Columbus, Ohio 43216-0117  
Telephone: (614) 460-4648  
Fax: (614) 460-6986  
Email: sseiple@nisource.com

Richard S. Taylor  
225 Capital Avenue  
Frankfort, Kentucky 40601  
Telephone: (502) 223-8967  
Fax: (502): 226-6383

Attorneys for  
**COLUMBIA GAS OF KENTUCKY, INC.**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Comments of Columbia Gas of Kentucky, Inc. was served upon those individuals listed in the Service List below by regular U.S. mail this 22<sup>nd</sup> day of March 2005.

*Stephen B. Seiple (gmc)*

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Stephen B. Seiple  
Attorney for  
**COLUMBIA GAS OF KENTUCKY, INC.**

**SERVICE LIST**

Hon. Elizabeth E. Blackford  
Hon. Dennis G. Howard II  
Assistant Attorneys General  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Hon. Joe F. Childers  
201 W. Short Street  
Suite 310  
Lexington, KY 40507

Hon. James R. Cox  
Cox, Bowling and Johnson PLLC  
8303 Shelbyville Road  
Louisville, KY 40222

Mr. Scott White  
President  
Interstate Gas Supply, Inc.  
5020 Brandenton Ave.  
Dublin, OH 43017

Hon. Leslye M. Bowman  
Hon. David J. Barberie  
Lexington-Fayette Urban County Government  
Department of Law  
200 East Main Street  
Lexington, KY 40507

Hon. John W. Bentine  
Hon. Bobby Singh  
Chester, Willcox & Saxbe, LLP  
65 East State Street  
Suite 1000  
Columbus, OH 43215-4213

Hon. Trevor L. Earl  
Reed, Weitkamp, Schell & Vice PLLC  
500 West Jefferson Street, Suite 2400  
Louisville, KY 40202-2812

Ms. Robi Artman-Hodge  
MxEnergy, Inc.  
20 Summer Street  
Stamford, CT 06901