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TREVOR L. EARL

February 14, 2005

Via Hand Delivery

Ms. Elizabeth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED

FEB 14 2005

PUBLIC SERVICE
COMMISSION

RE: Case No. 2004-00462 (Application of Columbia of Kentucky, Inc.)

Dear Ms. O'Donnell:

Please find enclosed herewith for filing an original and 11 copies of the MxEnergy's Comments in the referenced action. Please return a file-stamped copy in the enclosed envelope. Please contact me should you have any questions or concerns pertaining to the same.

Sincerely,



Trevor L. Earl
Counsel for Petitioner,
MxEnergy Inc.

ENCLOSURE

RECEIVED

FEB 14 2005

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCOLUMBIA
BEFORE: THE PUBLIC SERVICE COMMISSION**

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. TO IMPLEMENT A NEW)
SMALL VOLUME GAS TRANSPORTATION)
SERVICE, A GAS PRICE HEDGING PLAN,)
AN OFF-SYSTEM SALES AND CAPACITY)
RELEASE REVENUE SHARING MECHANISM,)
AND A GAS COST INCENTIVE MECHANISM)

Case No. 2004-00462

MXENERGY'S COMMENTS

MxEnergy, pursuant to the Commission's Scheduling order, hereby restates and incorporates its previously filed comments (filed January 20, 2005) as if fully set forth herein. Any response should be filed in accordance with the Commission's order.

MX encourages the Commission to expedite the approval of this filing. This will allow MX and other natural gas supply marketers to provide their COLUMBIA customers with long-term fixed price natural gas supply contracts. Though we have been able to do so in several other states, MX has been unable to provide such fixed price supply contracts to its COLUMBIA customers in recent months due to the cost and hedging risks caused by the uncertainties of the current Choice program.

Even though MX agrees with the predominant components of the second revised Small Volume Gas Transportation Service (SVGTS) Rate Schedule offered by COLUMBIA, MX does offer a few comments and recommended enhancements:

1. COLUMBIA has proposed including the Off-System Sales and Capacity Release Adjustment (OSCRA) in the GCA rate while making it a separate line

item for Choice customers. MX believes that this will make it more difficult for customers to compare a supplier's rate against the GCA. The GCA will contain the OSCRA while the supplier's rate will not. Therefore, MX respectfully requests the Commission to have COLUMBIA pass the OSCRA directly on to suppliers for their Choice customers. The OSCRA could then be reflected in the supplier's price as it is in COLUMBIA's GCA.

2. COLUMBIA's new Choice program proposes a significant increase in the Marketer Charges from the current \$0.05/Mcf to new levels of \$0.10/Mcf, \$0.12/Mcf or \$0.14/Mcf (depending upon total Choice customer enrollment, Second Revised Tariff Sheet No. 34). A significant portion of the increased Marketer Charge should be annually budgeted for customer education and marketing of the Choice program. COLUMBIA has proposed the tier approach to the Marketer Charge to provide COLUMBIA with an incentive to increase participation. MX supports this concept and believes that an annual Choice education and marketing budget will help support COLUMBIA's goal to increase Choice participation. Therefore, MX respectfully requests that the Commission order an annual Choice education and marketing budget funded through part or all of the increase Marketer Charge.
3. Lastly, MX believes that the Choice Program should be made permanent now. COLUMBIA has proposed another pilot phase of the Choice program for 4 more years. Uncertainty about the future of the program has already inhibited MxEnergy's ability to offer long-term fixed price contracts. For example, MX offers 3 year fixed-rate contracts in most of its territories. Customers

prefer long term price certainty to short term pricing that often is perceived as a “bait and switch.” Indeed, in Canada the standard contract term is five years. MX and other prudent marketers purchase forward gas supply to hedge fixed price contracts for the entire contract period. Under the proposal, neither MX nor other prudent marketers will hedge gas beyond the pilot period due to the uncertainty of the program continuity. Therefore, we will be unable to offer such a valuable consumer option for more than the first 12 months of the four year pilot, as after that date only 35 months would be remaining in the pilot period. Furthermore, MX will have to stop offering 2 year fixed-rate contracts at COLUMBIA’s proposed filing date (March 31, 2007) to make the program permanent. We believe that COLUMBIA has sufficient experience to make the Choice program permanent now. In its response to question number one (1) of the PSC Staff Data Request, Set 1, COLUMBIA has illustrated its extensive experience with Choice programs through its affiliates. Additionally, the Attachment C of that response shows that 6 out of 8 of their affiliates currently have permanent programs. MX respectively requests that the Commission make the Choice program permanent now, subject to periodic reviews.

MxEnergy thanks the Commission for considering our comments and our request to expedite the approval of COLUMBIA’s filing with our recommended Choice program enhancements.

Respectfully submitted,

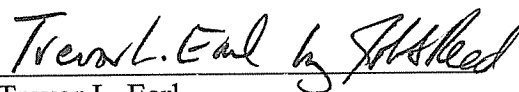


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Counsel for Petitioner,
MxEnergy Inc.

NOTICE OF FILING AND CERTIFICATE OF SERVICE

Notice is hereby given that the original and ten true copies of the foregoing were submitted to the Executive Director of the Kentucky Public Service Commission for filing via hand delivery at 211 Sower Boulevard, Frankfort, Kentucky 40601, on February 14, 2005. I further certify that this same day a copy of the foregoing MxEnergy Inc.'s Comments was served on the following via first class U.S. Mail, postage prepaid.



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