

January 19, 2006

Ms. Beth A. O'Donnell
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

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PUBLIC SERVICE
COMMISSION

RE: PSC Case No. 2005-00446

Dear Ms. O'Donnell:

Enclosed for filing with the Commission are the original and six copies of Columbia Gas of Kentucky's Response to the Data Request submitted by the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc., in Case No. 2005-00446. A Certificate of Service is included. Please call me at (859) 288-0242 should you have any questions about this matter.

Very truly yours,



Judy Cooper

Enclosure

cc: Richard S. Taylor

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2005-00446
DATA REQUESTED BY
THE COMMUNITY ACTION COUNCIL
DATED DECEMBER 27, 2005**

Question No. 1

Please provide copies of all documents, including but not limited to, papers, notes, memoranda, data in electronic or digital format, or any other materials of any kind used by Columbia to determine the concept of and cost request for the alternative proposal as described in the application.

Response of Columbia Gas of Kentucky:

The alternative proposal was based on Columbia's understanding that the Community Action Council's weatherization program is funded at about \$85,000 annually, and on Columbia's understanding (from informal discussions) that the annual funding amount is insufficient to address all the requests for weatherization assistance that the Community Action Council receives. The relatively high prices for natural gas in the national energy markets are, in part, driving up the demand for weatherization assistance. Columbia proposed the alternative proposal as a possible means for the Commission to permit Columbia to direct some of the Stranded Cost/Recovery Pool balance to help meet the shortfall in weatherization assistance available to customers. Proposing this simple alternative did not require any studies nor did it result in the generation of documents other than the Application itself.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2005-00446
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DATED DECEMBER 27, 2005**

Question No. 2

In the application, Columbia refers to the 10% allocation of the Stranded Cost/Recovery Pool to weatherization activities as both a “proposal” and as an “alternative.” Please clarify if this 10% allocation is indeed a proposal or just a suggested alternative to the main proposal. If your answer indicates that the allocation is an alternative to the main proposal, please describe the criteria that Columbia suggests be used in determining which alternative has greater merit.

Response of Columbia Gas of Kentucky:

Columbia’s request is to allocate one-half of the funds remaining in the Stranded Cost/Recovery Pool to customers and to retain the other half of the remaining funds. Columbia also endorses the allocation of some of the Stranded Cost/Recovery Pool balance to the Community Action Council’s weatherization program. It is not Columbia’s place to tell the Commission what criteria the Commission should use in evaluating Columbia’s application. However, the Commission often considers, among other things, the public interest.

The Community Action Council has long been the administrator of Columbia’s energy assistance programs and is a trusted partner. The Community Action Council operates very efficiently to maximize the utilization of the program dollars it receives and Columbia relies upon its expertise. The value of the allocation for weatherization is an opportunity for recurring benefits.

The Stranded Cost/Recovery Pool balance is not a source of recurring funds, it is a one-time allocation. The concept of the alternative was to direct some of the dollars to weatherization for both immediate and long-term assistance. Conservation and decreased consumption, brought on by the relatively high prices of natural gas in the national energy markets, have a detrimental impact on Columbia, as well as all customers regardless of income level. Columbia believes that the alternative proposal is in the public interest, particularly because it offers additional assistance to those customers that qualify for weatherization assistance.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the attached Response of Columbia Gas of Kentucky, Inc., was served upon those individuals listed in the Service List below by regular U.S. mail this 19th day of January 2006.

Stephen B. Seiple

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

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