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April 4, 2012

Mr. Jeff Derouen
Executive Director
Public Service Commission
Commonwealth of Kentucky
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RECEIVED

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PUBLIC SERVICE
COMMISSION

RE: PSC Case No. 2012-00073

Dear Mr. Derouen,

Enclosed for docketing with the Commission are an original and ten (10) copies of Columbia Gas of Kentucky, Inc., responses to Commission Staff's First Request for Information. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you.

Sincerely,

Brooke E. Leslie
Counsel



Enclosures

cc: Hon. Richard S. Taylor

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED MARCH 21, 2012

Data Request No. 1:

Refer to Columbia's Application, AMRP Form 1.0.

- a. Provide calculations producing the billing determinants for each of the Rate Schedules shown in the column labeled "Billing Determinant # of Bills."
- b. Explain the basis for the customer losses Columbia is projecting through May 31, 2013.

Response:

- a. Attachment PSC-1 DR 001-a shows projected monthly bills for each Rate Schedule. The number of bills is further detailed by billing system (DIS, GMB, and GTS) and type (tariff sales, Choice, and GTS). The projections of bills are based on Columbia's forecast. The forecast starts with actual bill counts and applies information for new customers and conversions, as well as attrition.
- b. Not unlike a number of gas LDCs, Columbia has experienced a year over year loss of residential and commercial customers. There are a number of possible reasons contributing to the customer losses including:
 - competition from low cost electricity,
 - higher first cost of natural gas equipment installation,
 - heat pump use is common in moderate climates such as that in Kentucky,
 - builders and developers seeking low first costs avoid the added cost of installing gas lines,
 - weak housing market and the economic slow down.

Columbia Gas of Kentucky
AMRP Rider Billing Determinants by Rate Schedule
For the Twelve Months Ending May 31, 2013

PSC-1
DR-001-A

<u>Rate Schedule</u>	<u>Number of Bills</u>												
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Total</u>
GSR - Residential	89,914	89,322	89,157	89,137	89,546	90,611	91,452	91,930	91,999	91,790	91,115	90,188	1,086,161
SVGTS - Residential	28,298	28,112	28,059	28,053	28,182	28,517	28,781	28,931	28,953	28,888	28,675	28,383	341,832
GSO - Commercial or Industrial	9,450	9,382	9,355	9,315	9,342	9,446	9,527	9,594	9,609	9,591	9,516	9,424	113,551
GDS - Commercial or Industrial	30	30	30	30	30	30	30	30	30	30	30	30	360
SVGTS - Commercial or Industrial	4,241	4,211	4,199	4,182	4,193	4,240	4,276	4,306	4,312	4,304	4,271	4,231	50,966
IUS, IUDES	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	67	67	67	67	67	67	67	67	67	67	67	67	804
SAS	1	1	1	1	1	1	1	1	1	1	1	1	12
Total	132,003	131,127	130,870	130,787	131,363	132,914	134,136	134,861	134,973	134,673	133,677	132,326	1,593,710
<u>Detail by Billing System and Type of Service</u>													
<i>DIS Tariff</i>													
GSO	9,361	9,293	9,266	9,226	9,253	9,357	9,438	9,505	9,520	9,502	9,427	9,335	112,483
GSR	89,914	89,322	89,157	89,137	89,546	90,611	91,452	91,930	91,999	91,790	91,115	90,188	1,086,161
<i>DIS Choice</i>													
GTO	4,201	4,171	4,159	4,142	4,153	4,200	4,236	4,266	4,272	4,264	4,231	4,191	50,486
GTR	28,298	28,112	28,059	28,053	28,182	28,517	28,781	28,931	28,953	28,888	28,675	28,383	341,832
<i>GMB Tariff</i>													
GSO	89	89	89	89	89	89	89	89	89	89	89	89	1,068
IUS	2	2	2	2	2	2	2	2	2	2	2	2	24
<i>GMB Choice</i>													
GTO	40	40	40	40	40	40	40	40	40	40	40	40	480
<i>GTS</i>													
DS	67	67	67	67	67	67	67	67	67	67	67	67	804
GDS	30	30	30	30	30	30	30	30	30	30	30	30	360
SAS	1	1	1	1	1	1	1	1	1	1	1	1	12
Total	132,003	131,127	130,870	130,787	131,363	132,914	134,136	134,861	134,973	134,673	133,677	132,326	1,593,710

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED MARCH 21, 2012

Data Request No. 2:

Refer to Line 4, Column 6, on AMRP Form 2.0. Provide details of the 2011 additions to Account 380, Service Lines, including number of lines and associated costs.

Response:

2011 AMRP Service Line Replacement Activity

Number of AMRP Service Lines Replaced - Quantity	1807
Cost of Material	\$471,335
Cost of Labor	\$647,798
Non-Materials	\$2,779,587
Total Service Line Replacement Costs	\$3,898,719
Less: Amount Not AMRP Eligible	<u>(\$152,050)</u>
Total Replacement Costs Eligible for Recovery	<u><u>\$3,746,669</u></u>

Columbia Gas of Kentucky, Inc.
Infrastructure Tracking Mechanism
AMRP - Year End 2011 Service Line Additions
Attachment PSC-1 DR 002

Sum of Associated Costs	Months												Grand Total	Total Number of Lines	
	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sep-2011	Oct-2011	Nov-2011	Dec-2011			
00565.WP0021.2621	2,559		10,658	4,185	7,801		6,536	5,092	11,829					48,660	10
00565.WP0021.2623								8,654						8,654	2
00565.WP0021.2629	885				3,500					13,345		3,790		21,520	5
00565.WP0021.2631					6,904						5,839			12,743	2
00565.WP0021.2632				3,502					5,644					9,146	2
00565.WP0022.2621	6,772	8,299	13,699	12,082	13,175	12,231	38,552	1,291	8,418	10,148	12,411	13,642		150,721	54
00565.WP0022.2623	1,443	3,421	6,495		5,960	11,111	12,556	2,136	8,113	4,364		11,472		67,072	33
00565.WP0031.2621	(1,816)				1,086						26,619			25,888	9
00565.WP0031.2623						(48)								(48)	1
00565.WP0031.2629						1,853			2,551	4,534		4,790		13,728	7
00565.WP0031.2631			3,293		1,170	(225)	1,316	(57)		12,748	689			18,934	9
00565.WP0031.2632	2,099				10,764									12,863	4
00565.WP0031.2633												1,407		1,407	1
00565.WP0032.2621	2,058		12,635	7,130	9,913	21,704	16,815	3,831	27,428	25,944	37,913	11,995		177,367	97
00565.WP0032.2623		8,583	2,182	7,513	182	14,524		17,324	21,440	13,327	20,816	10,878		116,770	48
00565.WP0032.2629			804		830				635	1,288	6,587	9,379		19,522	9
00565.WP0032.2631	2,706	318	759		2,207		1,250	10,870	3,286	3,717	9,575	3,080		37,768	26
00565.WP0032.2633				1,856										1,856	1
00565.WP0055.2621	49,014	69,381	183,407	143,464	179,773	174,533	159,534	53,379	179,180	88,083	150,344	153,365		1,583,457	868
00565.WP0055.2623	12,551	30,857	30,720	25,115	6,812	38,000	91,296	46,725	106,741	175,137	247,508	118,323		929,787	348
00565.WP0055.2629	11,256	14,968	16,828	26,533	10,707	32,384	18,998	30,570	43,536	33,101	49,061	29,103		317,045	169
00565.WP0055.2631	21,730	5,899	15,966	6,790	9,379	20,157	19,839	29,385	34,549	25,862	29,583	7,805		226,944	138
00565.WP0055.2632	1,891	7,082	12,136	4,022		10,103		20,312	9,638	1,032	11,144	9,123		86,483	25
00565.WP0055.2633			1,044				5,110	1,683		2,594				10,431	5
Grand Total	113,148	148,809	310,625	242,193	270,162	336,328	371,803	231,197	462,989	415,223	608,090	388,153		3,898,719	1,873

Calculation of Average Cost of Additions for AMRP Service Line

	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sep-2011	Oct-2011	Nov-2011	Dec-2011	Grand Total
Percentage **	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	96.1%	
Average Cost of Additions	108,735	143,005	298,511	232,747	259,626	323,211	357,302	222,181	444,932	399,029	584,375	373,015	3,746,669

**Monthly Percentage: Taking a total of 1807 Service Line jobs that are AMRP related out of 1873 Total Service Line Jobs

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DATED MARCH 21, 2012

Data Request No. 3:

Identify generally the locations of the major main replacements that occurred in 2011 and describe how those specific projects were selected and prioritized.

Response:

Columbia conducted 12 major main replacement projects in 2011: five in Fayette County, two in Scott County, two in Boyd County, one in Franklin County, one in Clark County, and one in Montgomery County.

In 2011, Columbia utilized Optimain DS™ to evaluate and rank pipeline segments system-wide against a range of environmental conditions (e.g. population density, building class, surface cover type, etc.), risk factors (pipe segment leak history, pipe condition, pitting depth, depth of cover, etc.) and economic factors. In general, we identified, ranked and selected projects based on the level of relative risk. This evaluation and risk ranking of pipe segments was then reviewed by the engineering and operations departments to assess whether that data was consistent with field observations. In addition, Columbia looked for opportunities to replace priority pipe within the scope of pending public improvement work. Columbia used both sets of information listed above to determine which sections of main were the best candidates for replacement.