

August 19, 2013

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

RE: Application of Columbia Gas of Kentucky, Inc., to Extend its GCIM
KY PSC Case No. 2012-00593

Dear Mr. Derouen,

Enclosed for docketing with the Commission are an original and six (6) copies of Columbia Gas of Kentucky, Inc.'s Response to the Public Service Commission's Data Requests Set Two dated August 5, 2013. Should you have any questions about this filing, please contact me at 614-460-5558.

Very truly yours,

Brooke E. Leslie (gmc)
Brooke E. Leslie
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P.O. Box 117
Columbus, Ohio 43216-0117

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225 Capital Avenue
Frankfort, KY 40601

Attorneys for COLUMBIA GAS OF KENTUCKY, INC.

Enclosures

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST
FOR PRODUCTION OF DOCUMENTS
DATED AUGUST 5, 2013**

1. State whether Columbia has considered a change to its Gas Cost Incentive Mechanism ("GCIM") and Off-System Sales and Capacity Release Revenue Sharing Mechanism ("OSS/CR RSM") involving a lesser initial sharing on the part of Columbia up to a certain pre-established level of savings, with the ability to share 50/50 only after it has reached that threshold amount.

Response:

Columbia has not considered such a change. Columbia does not consider benchmarks appropriate for either GCIM or OSS/CR performance because both are dependent upon the natural gas commodity markets, not something that is well-predicted by past performance. Establishing benchmarks for either activity would mean a certain level of performance is "required," therefore diluting the incentive.

KYPSC Case No. 2012-00593
Response to Staff Data Request Set Two No. 2
Respondent: Michael D. Watson

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST
FOR PRODUCTION OF DOCUMENTS
DATED AUGUST 5, 2013**

2. State whether Columbia is aware that a sharing mechanism similar to that described in Item 1 above has been approved for other jurisdictional Kentucky Local Distribution Gas Companies ("LDCs").

Response:

Columbia is not aware.

KYPSC Case No. 2012-00593
Response to Staff Data Request Set Two No. 3
Respondent: Michael D. Watson

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST
FOR PRODUCTION OF DOCUMENTS
DATED AUGUST 5, 2013**

3. State whether Columbia has considered a change to its incentive mechanisms involving the establishment of a dead-band around some level of initial savings.

Response:

No, Columbia has not considered such a change. See Columbia's response to Staff Data Request No. 1.

KYPSC Case No. 2012-00593
Response to Staff Data Request Set Two No. 4
Respondent: Michael D. Watson

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST
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4. State whether Columbia has considered including more months than April through October in its GCIM, and including more elements of its gas cost.

Response:

No, Columbia has not considered such a change.

KYPSC Case No. 2012-00593
Response to Staff Data Request Set Two No. 5
Respondent: Michael D. Watson

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST
FOR PRODUCTION OF DOCUMENTS
DATED AUGUST 5, 2013**

5. State whether Columbia is aware that incentive mechanisms similar to those described in Items 3 and 4 above have been approved for other jurisdictional Kentucky LDCs.

Response:

No.