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July 19, 2013

*Via Hand-Delivery*

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates; Case No. 2013-00167

Dear Mr. Derouen:

Enclosed for filing in the above styled action are an original and ten copies of the Reply on behalf of Interstate Gas Supply, Inc. to the Objection and Response of Columbia Gas of Kentucky, Inc. regarding intervention and an original and ten copies of IGS' requests for information to Columbia Gas of Kentucky, Inc. (although IGS is not yet a party to the proceeding, IGS files and serves its requests for information to comply with the existing procedural schedule if granted intervention).

Thank you for your attention to the foregoing, please call me with any questions or concerns.

Very truly yours,  
HURT, CROSBIE & MAY, PLLC



Matthew Malone

C: File  
Enc.

JUL 19 2013

PUBLIC SERVICE  
COMMISSION

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

In the matter of: : CASE NO. 2013-00167  
Adjustment of Rates :  
Of Columbia Gas of Kentucky, Inc. :

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**INTERSTATE GAS SUPPLY, INC.'S REPLY TO THE OBJECTION OF COLUMBIA  
GAS OF KENTUCKY, INC. REGARDING INTERVENTION**

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Comes Interstate Gas Supply, Inc. ("IGS"), by counsel, and for its reply to the objection of Columbia Gas of Kentucky, Inc. ("Columbia") regarding its intervention and submits as follows:

(1) On June 12, 2013, IGS moved for full intervenor status in this action, pursuant to 807 KAR 5:001 to the fullest extent permitted by law, on behalf of itself *and those consumers that it serves through the Small Volume Gas Transportation Service* ("Choice Program"). (emphasis added).<sup>1</sup>

(2) On July 9, 2013, Columbia filed an objection<sup>2</sup> to IGS' request for intervention – not requesting that IGS' intervention be denied but rather objecting regarding the scope IGS' intervention request. Specifically, Columbia took issue with IGS' request to intervene on behalf of *its current and potential customers* ("Columbia respectfully requests that the Commission deny the motion of IGS to the extent it seeks to represent the interests of its customers because IGS cannot demonstrate that its customers are distinguishable from Columbia's customers, who are already represented by the Attorney General pursuant to KRS § 367.150(8)<sup>3</sup>").

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<sup>1</sup> IGS' Motion to Intervene at 1 of 2.

<sup>2</sup> It is noted that 807 KAR 5:001 §5(3) does seem to preclude the filing of a response more than seven (7) days from June 12, 2013 without an Order from the Commission allowing Columbia to file its response out of time and IGS asserts same as a rationale for Columbia's response failing but regardless IGS also addresses the substantive concerns addressed in Columbia's Response.

<sup>3</sup> Objection and Response of Columbia Gas of Kentucky, Inc. to Interstate Gas Supply Inc.'s Motion to Intervene at 1 of 5.

(3) As a primary matter, IGS submits it has included the exact intervention language above (“on behalf of itself *and those consumers that it serves through the Small Volume Transportation Service*”) in each one of its prior motions to intervene in prior Columbia rate case no. 2007-0008 and prior Columbia rate case no. 2009-00141, among others, and the current rate proceeding because of proposed rates possibly being unequally allocated between Choice Program customers and non-Choice customers. More specifically, Columbia receives revenue from basically three sources (not including tariffs): (i) base rates; (ii) customer charge/administrative charge; and (iii) GCA/GCR. Moreover, Columbia receives a “rate of return” on base rates and customer charge/administrative charge but they do not receive any rate of return on gas cost recovery or adjustment (GCR/GCA). This general revenue structure for Columbia incentivizes Columbia toward compartmentalizing administrative costs, upstream contracts and other costs which should be part of a traditional GCA into base rates in order receive a rate of return on these elements. Inasmuch, proposed rate adjustments *may* be unequally allocated between Choice Program customers and non-Choice customers and as a result the interests of IGS and its customers are therefore aligned in defeating such proposals and IGS has included language in its current motion (and prior intervention motions in other rate cases) seeking to intervene, on behalf of *those consumers that it serves through the Small Volume Transportation Service*.

(4) Nevertheless, IGS agrees that the Attorney General is only party statutorily charged with representing the interests of all ratepayers pursuant to KRS 367.150(8)(“grant(ing) him the right and obligation to appear before regulatory bodies of the Commonwealth of Kentucky to represent consumers’ interests”). Further, IGS acknowledges and agrees that intervention *solely on behalf of its residential ratepayers* remains beyond the scope of

permissible intervention in this matter given the Attorney General's unique statutorily charged duty in this matter. Accordingly with respect to its intervention request *on behalf of its customers*, IGS concedes this point although IGS submits given its own interests aligning with those of its customers in the proceedings as a practical matter it is a distinction without a difference.

(5) With regard to the case at bar, within its application, Columbia proposes a three (3) year extension of the Choice Program. Likewise, Columbia proposes changes to the Choice Program to address clarity and transparency questions.<sup>4</sup> Columbia's proposed changes to the Choice Program will be addressed within this docket.<sup>5</sup> IGS is the main supplier and the largest stakeholder in the Columbia Choice Program and supplies tens of thousands of natural gas customers at the residential and small commercial customer level through the Choice Program. IGS has significant financial investment in the Columbia Choice Program with more than 20,000 customers in Kentucky. Changes to the Choice Program through this rate proceeding will have an effect on IGS and as the largest stakeholder in the Choice Program, IGS submits that it should have involvement in any decisions to alter the status quo of the Choice Program. Accordingly, IGS has a *special* interest in these proceedings not represented by any other parties.

(6) Likewise, IGS has experience in these rate adjustment proceedings having previously intervened in case no. 2007-00008 and 2009-00141, (among other matters) and IGS submits that with substantive changes being proposed to the Choice Program in this docket that it should be permitted to intervene fully in this proceeding without limitation as to the issues it may address or raise consistent with the Commission's ruling in case no. 2009-00141.<sup>6</sup> In Case No.

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<sup>4</sup> Testimony of Hon. Herbert A. Miller, Jr. pp. 23-24.

<sup>5</sup> Testimony of Judy Cooper, pp. 15-16.

<sup>6</sup> *Application of Columbia Gas of Kentucky, Inc. for an Adjustment in Rates*, Case No. 2009-00141, Order dated July 17, 2009.

2009-00141, Columbia *did not* propose any changes to the Choice Program but did present the possibility of a Price Protection Service (“PPS”) and Negotiated Sales Service (“NSS”), and the Commission granted IGS full intervention on all issues in that rate case with no limitations despite no proposed changes to the Choice Program.<sup>7</sup> Comparably in the case at bar, Columbia seeks to actually make changes<sup>8</sup> to the Choice Program of which IGS is largest competitive supplier and full intervention without limitation is merited consistent with previous intervention orders case no. 2009-00141 and case no. 2004-00462.<sup>9</sup> Likewise, the Commission recently issued an Order on February 8, 2013 in Case No. 2012-00132 (the matter of Columbia Gas of Kentucky, Inc. filing of Customer Choice Survey Results) directing that, “[a]ny further evaluation of and discovery regarding Columbia’s CHOICE Program will occur in Columbia’s next application for Commission approval to extend the program beyond March 31, 2014.” Given the request to extend Choice within this docket, full intervention without limitation is merited for IGS in this proceeding.

(7) Lastly, IGS will present expert testimony regarding the continuation of the Choice Program and other issues relevant to this case. Accordingly IGS is, by any reasonable measure, *“likely to present issues or to develop facts that assist the commission in fully considering the matter without unduly complicating or disrupting the proceedings.”*<sup>10</sup>

**Wherefore**, IGS respectfully requests that it be permitted to fully intervene in the above-referenced matter.

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<sup>7</sup> See fn 6.

<sup>8</sup> See fn 4.

Respectfully submitted,

HURT, CROSBIE & MAY PLLC



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Counsel for the Petitioner,  
**INTERSTATE GAS SUPPLY, INC.**

**CERTIFICATE OF SERVICE**

I hereby certify that an original and ten (10) copies of this Reply were served via hand-delivery upon Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; furthermore, it was served by mailing a copy by first class U.S. Mail, postage prepaid, on the following, all on this 19<sup>th</sup> day of July, 2013.

Hon. Stephen B. Seiple  
Hon. Brooke E. Leslie  
Attorneys at Law  
Columbia Gas of Kentucky, Inc.  
200 Civic Center Drive  
P.O. Box 117  
Columbus, Ohio 43216-0117

Hon. Richard S. Taylor  
225 Capital Avenue  
Frankfort, Kentucky 40601

Hon. David J. Barberie  
Department of Law  
200 East Main Street  
Lexington, KY 40507

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<sup>9</sup> *Application of Columbia Gas to implement a small volume gas transportation service, a gas hedging plan, an off-system sales and capacity release revenue sharing mechanism, and a gas cost incentive mechanism, Case No. 2004-00462, Order dated January 25, 2005.*

<sup>10</sup> 807 KAR 5:001 §3(8)(b).

Hon. Dennis G. Howard, II.  
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Cincinnati, OH 45202



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ATTORNEY FOR INTERSTATE GAS SUPPLY, INC.

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JUL 19 2013

PUBLIC SERVICE  
COMMISSION

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

**In the Matter of:** )  
 )  
**ADJUSTMENT OF RATES OF COLUMBIA** )  
**GAS OF KENTUCKY, INC.** )  
 )  
\_\_\_\_\_ )

**CASE NO. 2013-00167**

**IGS'S REQUESTS TO COLUMBIA GAS OF KENTUCKY, INC.**  
**FOR INFORMATION**

Movant for Intervention, Interstate Gas Supply, Inc. ("IGS") requests that Columbia Gas of Kentucky, Inc. file with the Commission the following information, with a copy to all parties of record, within the time specified in the Commission's Order.

For each response to request for information,

- (1) Please identify the individual responsible for answering each request;
- (2) These requests shall be deemed continuing so as to require further and supplemental responses if Columbia Gas of Kentucky receives or generates additional information within the scope of these requests between the time of the response and the time of the hearing;
- (3) A request to identify a document means to state the date or dates, author or originator, the subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number or code number thereof or other means of identifying it, and its present location and custodian;



(4) To the extent that the specific document, study or information requested does not exist, but a similar document, study or information does exist, please provide the similar document, study or information;

(5) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout;

(6) If Columbia Gas of Kentucky objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify IGS's Attorney of Record as soon as possible;

(7) For any document withheld on the basis of privilege, state the following: date; author; addressee; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted;

(8) In the event any document called for has been destroyed or transferred beyond the control of the company, please state the identity of the person by whom it was destroyed or transferred; the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy; and

(9) Where the information requested is the same as has been provided to another party in response to a request for information, it is sufficient to identify that response rather than duplicating the information requested.

Respectfully submitted,

HURT, CROSBIE & MAY PLLC



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Counsel for the Movant,  
**INTERSTATE GAS SUPPLY, INC.**

### CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies have been tendered this day for filing by hand delivery to the Commission and have been served by first-class mail upon all parties of record and applicants for intervention this 19<sup>th</sup> day of July, 2013.

Hon. Stephen B. Seiple  
Hon. Brooke E. Leslie  
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Matthew Malone

**IGS'S Data Requests to  
Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167**

## **IGS'S REQUESTS TO COLUMBIA GAS OF KENTUCKY, INC.**

### **Request For Information 1**

Pursuant to p. 15-16 of Judy Cooper's testimony, Columbia references developing additional means of disclosure to its customers about the Choice Program, how to make informed decisions about participation and how to identify themselves as a participant in the program; likewise, Columbia is currently considering an annual disclosure to participants either by Columbia or the customer's chosen marketer so that customers are more aware of their participation status.

(a) Provided Columbia proceeds with developing an annual disclosure, how does Columbia intend to develop this additional means of disclosure (e.g. collaborative approach with interested stakeholders)?

(b) Provided Columbia proceeds with developing an annual disclosure, does Columbia intend to include this annual disclosure within the existing bill mailings (or electronic mail for paperless customers) for all customers or only Choice customers?

(c) Provided Columbia proceeds with developing an annual disclosure, does Columbia intend this annual disclosure to be customer specific or general information regarding Choice to all Choice and non-Choice customers?

(d) Provided Columbia proceeds with developing an annual disclosure, does Columbia have any concept of the language it intends to include in the annual disclosure?

### **Request For Information 2**

Pursuant to p. 16 of Judy Cooper's testimony, Columbia references, "considering improvements to awareness of resources available to customers that explain the CHOICE

program and tools for evaluating participation so it is easier for customers to make price and other comparisons.”

(a) How does Columbia intend to accomplish “improvements” to awareness of resources available to customers that explain the CHOICE program and tools for evaluating participation (e.g. collaborative approach with interested stakeholders)?

(b) Other than internal discussions within Columbia, has Columbia discussed suggested avenues to accomplish “improvements to awareness” with any outside vendors, companies or groups, and if so who?

(c) If any outside vendors, companies or groups were contacted regarding suggestions for “improvements to awareness” what were those recommendations?

(d) Provided Columbia proceeds with developing tools for evaluating participation, please explain in more detail what Columbia intends to develop?

### **Request For Information 3**

Please provide the work papers, spreadsheets, formulas or any other documents (with redacted customer names) used to develop the calculation of customers’ savings/losses as a result of participation in the CHOICE program from April 1, 2011 through March 31, 2013 (referenced as Attachment JMC-1).

### **Request For Information 4**

Pursuant to p. 15-16 of Judy Cooper’s testimony, Columbia references developing additional means of disclosure to its customers about the Choice Program, how to make informed decisions about participation and how to identify themselves as a participant in the program; likewise, Columbia is currently considering an annual disclosure to participants either by Columbia or the customer’s chosen marketer so that customers are

more aware of their participation status. Lastly, Columbia references, “considering improvements to awareness of resources available to customers that explain the CHOICE program and tools for evaluating participation so it is easier for customers to make price and other comparisons.”

(a) How will Columbia decide if it chooses to proceed with the mechanisms Judy Cooper mentions in her testimony?

(b) Will Columbia consult with Choice suppliers when it tries to implement these items for the Choice program?

(c) Will Columbia seek Commission approval for implementation of these items that Judy Cooper mentions?