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SEP 20 2013
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Via Overnight Mail

September 20, 2013

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2013-00167

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC's MEMO IN RESPONSE TO ATTORNEY GENERAL'S NOTICE OF OBJECTION TO KIUC'S LETTER DATED 11 SEPTEMBER 2013 OR, IN THE ALTERNATIVE, MOTION TO AMEND PROCEDURAL SCHEDULE for filing in the above-referenced docket.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place this document of file.

Very Truly Yours,



David F. Boehm, Esq.
BOEHM, KURTZ & LOWRY

DFBkew
Attachment
cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and regular U.S. Mail to all parties on this 20TH day of September, 2013.



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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

SEP 23 2013
PUBLIC SERVICE COMMISSION

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS MEMO IN RESPONSE
TO ATTORNEY GENERAL'S NOTICE OF OBJECTION TO
KIUC'S LETTER DATED 11 SEPTEMBER 2013 OR, IN THE ALTERNATIVE,
MOTION TO AMEND PROCEDURAL SCHEDULE

In brief, Kentucky Industrial Utility Customers, Inc. ("KIUC") response to the Attorney General's ("AG") filing, is to oppose its objection for the reasons set forth below, and to agree with its proposal that KIUC file rebuttal testimony on condition that the AG be afforded the opportunity to file testimony in rebuttal to the KIUC witness.

OBJECTION

KIUC informed the Kentucky Public Service Commission ("Commission") that instead of filing direct testimony in response to the Columbia Gas of Kentucky ("Columbia Gas") filing, instead reserved the right to file rebuttal testimony. Nothing in the Kentucky Revised Code or the Kentucky Administrative Rules prohibits an Intervener from submitting testimony to respond to another intervenor. While it is true that the Commission's usual or boilerplate procedural language does not envision that an intervenor might oppose the position of a fellow intervenor, it happens from time to time, and indeed, it has happened here. Whether or not KIUC filed direct testimony, it would need to file rebuttal testimony to the AG's witness. The case of Columbia Gas regarding the choice of class cost-of-service study(ies) and its consequent allocation of revenue responsibility was not exactly what KIUC would have chosen. However, there was a fundamental fairness that was close enough that the decision was made not to dispute it. However, the testimony of Glenn A. Watkins filed on the date that intervenor testimony was due, and therefore not previously available, not only attacks both the Columbia Gas choice of cost-of-service studies and the revenue allocation to the industrial rate schedules DS and IS, but argues

essentially for the disallowance of Special Contracts and Flex Agreements which in some cases trace back over decades, on the grounds that it finds insufficient basis for those discounts in the Columbia Gas files. Should the AG's position prevail, KIUC's members could incur rate increases hundreds of thousands more than existing rates, or even Columbia Gas' proposed rates. The Watkins testimony opposing the revenue allocation proposed by Columbia Gas and favored by KIUC runs 53 pages plus exhibits. To preserve the procedural due process rights of KIUC, Columbia Gas industrial customers, and to provide the Commission with the full scope of facts and analysis bearing on these issues it must be allowed in all fairness to address this major assault on its contracts and rates.

We believe that the KPSC has historically valued the testimony and arguments provided by KIUC and its experts even if it has not always entirely embraced its positions. We ask the Commission for the opportunity once again to present a thoughtful and carefully considered viewpoint in testimony in rebuttal to the AG's class cost-of-service and contract testimony.

Finally, we respectfully request that the Commission rule on this matter as soon as possible so that both KIUC and the AG can prepare the rebuttal testimony.

Respectfully submitted,



David F. Boehm, Esq.

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September 20, 2013