A NiSource Company

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2001 Mercer Road
Lexington, KY 40512-4241

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

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COMMISSION

November 8, 2013

RE: Case No. 2013-00354

Dear Mr. Derouen:

Please find attached an original and eight (8) copies of the Responses of Columbia Gas of Kentucky, Inc., to the Commission Staff's First Request for Information dated October 29, 2013.

If you have any questions, please contact me. Thank you.

Sincerely,

Stephen B. Seiple (gmc)

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COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED OCTOBER 29, 2013

1. Provide for each year 2005 through 2013 year to date:

   a. The dollar amount of gains and losses that have been credited or debited to gas cost through Columbia's gas cost adjustments as a result of Columbia's gas price hedging plan.

   b. The percentage of total annual gas cost represented by the annual gas price hedging credits/debits provided in response to a. above.

   c. The percentage decrease in gas price volatility as a result of Columbia's gas price hedging plan.

   d. The dollar amount of transaction fees and other brokerage fees associated with buying and selling natural gas futures contracts as a result of Columbia's gas price hedging plan.

Response:

Please see the table below for the responses to parts a, b and d.

Year	Hedging Gain/(Loss)	Percent of Total Gas Cost	Fees/Interest
2005	$1,692,496	2.62%	$1,604
2006	($1,473,487)	1.25%	$2,487
2007	($1,414,592)	1.27%	$1,492
2008	($1,021,200)	0.66%	$2,280
2009	($3,116,586)	3.04%	$80,876
2010	($3,018,977)	3.81%	$23,987
2011	($2,904,591)	3.38%	$32,701
2012	($2,534,357)	5.89%	$32,857
YTD 9/30/2013	($755,290)	1.68%	$10,030

c) Columbia's Hedging Plan was designed to reduce the impact of winter price spikes to Columbia's customers. The Hedging Plan establishes a fixed price for 30% to 50% of the forecasted non-storage firm winter demand each year. However, there is no mathematical calculation to determine the increase or decrease of experienced gas price volatility due to the Hedging Plan activities.

COLUMBIA GAS OF KENTUCKY, INC.
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2. For the proposed three-year extension period, provide the following:

   a. Columbia's best estimate of the potential for price volatility during the proposed three-year extension period.

   b. Columbia's best estimate of gas prices during the proposed three-year extension period.

Response:

a) Columbia does not estimate or predict future gas price volatility. However with the dramatic increase in Shale gas production in the Marcellus shale areas and now the Utica shale areas, reduced volatility of gas prices is anticipated for the next few years.

b) Columbia does not estimate or predict future gas prices. The current NYMEX Henry Hub gas prices for the winters of 2015-2016, 2016-2017 and 2017-2018 are \$4.145/Dth, \$4.285/Dth and \$4.428/Dth respectively as of October 31, 2013. These values currently indicate a moderate increase over the proposed three year extension period.