

November 21, 2014

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

RECEIVED

NOV 21 2014

PUBLIC SERVICE
COMMISSION

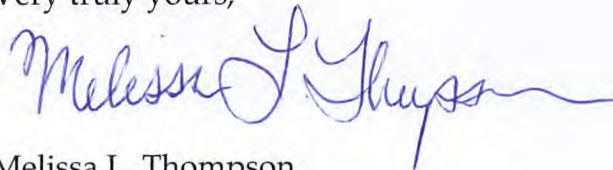
**Re: Columbia Gas of Kentucky, Inc.
2014 Accelerated Main Replacement Program Filing
Case No. 2014-00366**

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 Staff's Initial Request for Information dated November 7, 2014.

If you have questions about this filing, please contact me at (614) 460-4874 or mlthompson@nisource.com.

Very truly yours,



Melissa L. Thompson
Senior Counsel
290 W. Nationwide Blvd.
P.O. Box 117
Columbus, Ohio 43216-0117

Richard S. Taylor
225 Capital Avenue
Frankfort, KY 40601

Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 7, 2014

1. Refer to Columbia's application, AMRP Form 1.0. Confirm that the proposed rates do not produce the Revenue Requirement of \$2,480,430 and explain whether Columbia considered an adjustment to the proposed rates to address the shortfall.

Response:

Columbia agrees that the proposed rates produce a shortfall of \$6,411 from the revenue requirement of \$2,480,430. The \$6,411 shortfall, .258 of one percent, is caused by rounding given that Columbia's AMRP charge is billed at two decimal places. Columbia did not consider an adjustment to address the shortfall. Any difference between actual billings and intended billings eventually will be reconciled through Columbia's AMRP balancing adjustment filing.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 7, 2014

2. Refer to Columbia's application, AMRP Form 1.1.
 - a. Provide the location on Form 2.0 where the Accumulated Reserve for Depreciation in the amount of \$3,155,341 is calculated.
 - b. Provide the location on Form 2.1 where the Deferred Taxes on Liberalized Depreciation in the amount of (\$1,853,670) is calculated.
 - c. The amount of \$20,125,969 on line 4, Net PP&E, is the sum of the amounts on lines 1, 2, and 3. Explain why the amount of the Accumulated Reserve for Depreciation of \$3,155,341 on line 3 was added to the amounts on lines 1 and 2 to arrive at the Net PP&E rather than subtracted from those amounts.
 - d. If, as it appears, the Accumulated Reserve for Depreciation amount on line 3 should be subtracted from the amounts on lines 1 and 2 to arrive at the Net PP&E, provide revised versions of the AMRP forms affected by the resulting reduction in the Net Rate Base amount on line 6 of AMRP Form 1.1.

Response:

- a. Unlike Cost of Removal and Net AMRP Investment-Property, Plant and Equipment, the Accumulated Reserve for Depreciation is not set out separately on Form 2.0. The Accumulated Reserve for Depreciation of \$3,155,341 is calculated using the plant Retirement Cost less the 2014 and 2015 depreciation expense. Total Retirement Cost of \$3,410,006 is shown on Form 2.0, Line 6, Column 8. The 2015 depreciation expense amount of (\$211,970) is the sum of (\$114,248) on Form 2.0, Line 7, Column 5 and (\$97,722) on Form 2.0, Line 7, Column 7. The 2014 depreciation expense of (\$42,695) is shown on Form 2.2, Page 1 of 4, Line 13, Column L.
- b. Accumulated Deferred Income Taxes ("ADIT") of (\$1,853,670) is the sum of (\$2,820,306) on Form 2.1, Page 2 of 3, Line 4, Column 11, (\$2,593) on Form 2.1, Page 3 of 3, Line 4, Column 11, and the ADIT net operating loss of \$969,229 on Form 2.1, Page 1, Line 4, Column 10.
- c. The Accumulated Reserve for Depreciation of \$3,155,341 on line 3 was added to lines 1 and 2 because the Book Cost of Retirements (debit to Accumulated Reserve for Depreciation) of \$3,410,006 is greater than accumulated Depreciation Expense (credit to Accumulated Reserve for Depreciation) of \$254,665.
- d. Please see response to part C above.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 7, 2014

3. Refer to Columbia's application, AMRP Form 4.0.
 - a. Provide monthly billing determinants for 2010 through the most recent month available in 2014 for each of the Rate Schedules shown on this form.
 - b. Explain the basis for any assumptions used in projecting billing determinants for 2015.

Response:

- a. Please refer to Attachment A of this data response for the monthly billing determinants for January 2010 through September 2014 for each of the Rate Schedules shown on AMRP Form 4.0.
- b. The assumptions used in projecting billing determinants are developed by the Forecasting Group with input from the Large Customers Relations Team and the New Business Team. The Forecasting Group is primarily responsible for developing assumptions, with the New Business Team providing

a forecast of residential and commercial new customer additions and the Large Customer Relations Group providing volumetric forecasts for large commercial and industrial customers.

Residential and Commercial customers are forecasted as two concepts, new customer additions and attrition. The forecasted December customer count is the customer count from the previous December plus customer additions for the year less customer attrition. New customer additions are forecasted by the New Business Team based on their knowledge of the business climate, new construction activity and interviews with active builders and developers, and the potential for conversions from alternate fuels. This knowledge is applied to the current year projected annual new customer additions to arrive at the forecast for future years. To arrive at the current year projected annual new customer additions, the New Business Team monitors potential projects being engineered, residential single family and multifamily construction permit applications, and outstanding natural gas service requests. Customer attrition is forecasted at a typical historical level by the Forecasting Group.

The Small Volume Gas Transportation Service (CHOICE) customer count is calibrated to the most recently observed level of CHOICE customers and a saturation rate (percent of total customers) is calculated. The forecast is obtained by applying the observed saturation rate to the forecasted total number of

customers. The forecast is developed for residential and commercial customers separately with a constant saturation percentage.

Transportation customers not in the CHOICE program are referred to as traditional transportation customers and are set equal to existing traditional transportation customers plus new traditional transportation customers identified by the New Business Team.

Sales customers equal Columbia's total customers less CHOICE customers less traditional transportation customers

Columbia Gas of Kentucky
Actual Billing Determinants by Rate Schedule
For the Twelve Months Ending December 31, 2010

<u>Rate Schedule</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
GSR - Residential	93,573	93,926	94,008	93,457	92,508	91,893	91,336	90,426	87,844	90,776	91,983	93,316	1,105,046
SVGTS - Residential	29,311	29,124	28,893	28,613	28,348	28,156	27,899	28,256	28,040	28,540	28,442	28,429	342,051
GSO - Commercial or Industrial	10,688	10,753	10,773	10,704	10,590	10,234	9,851	9,737	9,483	9,564	9,692	9,807	121,876
GDS - Commercial or Industrial	31	31	31	30	30	30	30	30	30	30	30	30	363
SVGTS - Commercial or Industrial	3,546	3,500	3,493	3,444	3,426	3,719	4,019	4,095	4,219	4,242	4,218	4,266	46,187
IUS, IU DS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	67	67	67	67	67	67	67	66	66	66	66	66	799
SAS	1	1	1	1	1	1	1	1	1	1	1	1	12
Total	137,219	137,404	137,268	136,318	134,972	134,102	133,205	132,613	129,685	133,221	134,434	135,917	1,616,358

Columbia Gas of Kentucky
Actual Billing Determinants by Rate Schedule
For the Twelve Months Ending December 31, 2011

<u>Rate Schedule</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
GSR - Residential	93,254	93,295	92,935	92,529	91,860	91,120	90,418	90,402	90,548	91,262	92,213	93,026	1,102,862
SVGTS - Residential	29,048	28,992	28,933	28,726	28,523	28,257	27,879	27,656	27,446	27,278	27,522	27,620	337,880
GSO - Commercial or Industrial	9,765	9,799	9,786	9,739	9,689	9,625	9,538	9,499	9,495	9,533	9,664	9,824	115,956
GDS - Commercial or Industrial	29	29	30	29	29	29	30	30	30	30	30	29	354
SVGTS - Commercial or Industrial	4,390	4,377	4,343	4,302	4,299	4,277	4,257	4,239	4,216	4,199	4,190	4,172	51,261
IUS, IU DS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	70	70	70	70	70	70	70	70	70	70	70	70	840
SAS	1	1	1	1	1	1	1	1	1	1	1	1	12
Total	136,559	136,565	136,100	135,398	134,473	133,381	132,195	131,899	131,808	132,375	133,692	134,744	1,609,189

Columbia Gas of Kentucky
Actual Billing Determinants by Rate Schedule
For the Twelve Months Ending December 31, 2012

<u>Rate Schedule</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
GSR - Residential	93,598	93,719	93,600	92,888	92,360	91,839	91,465	91,282	91,365	92,097	93,195	94,276	1,111,684
SVGTS - Residential	27,625	27,508	27,487	27,285	27,156	27,040	26,728	26,568	26,393	26,233	26,313	26,138	322,474
GSO - Commercial or Industrial	9,714	9,732	9,725	9,655	9,590	9,524	9,503	9,468	9,479	9,539	9,708	9,834	115,471
GDS - Commercial or Industrial	31	31	31	31	31	30	30	30	30	30	30	34	369
SVGTS - Commercial or Industrial	4,345	4,327	4,301	4,282	4,259	4,233	4,225	4,212	4,180	4,166	4,152	4,132	50,814
IUS, IU DS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	68	68	68	68	68	68	68	68	68	68	68	65	813
SAS	1	1	1	1	1	1	1	1	1	1	1	1	12
Total	135,384	135,388	135,215	134,212	133,467	132,737	132,022	131,631	131,518	132,136	133,469	134,482	1,601,661

**Columbia Gas of Kentucky
 Actual Billing Determinants by Rate Schedule
 For the Twelve Months Ending December 31, 2013**

<u>Rate Schedule</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
GSR - Residential	94,885	95,216	95,388	95,283	94,702	93,785	93,233	93,007	93,041	93,256	94,504	95,482	1,131,782
SVGTS - Residential	25,979	25,829	25,664	25,457	25,465	25,227	24,966	24,797	24,643	24,606	24,915	25,075	302,623
GSO - Commercial or Industrial	9,930	9,961	9,953	9,954	9,812	9,707	9,635	9,606	9,586	9,597	9,766	9,901	117,408
GDS - Commercial or Industrial	33	33	33	33	33	33	33	33	33	33	33	33	396
SVGTS - Commercial or Industrial	4,098	4,091	4,072	4,038	4,108	4,120	4,104	4,091	4,077	4,069	4,075	4,083	49,026
IUS, IUDS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	65	65	65	65	64	64	64	64	64	64	63	63	770
SAS	1	1	1	1	1	1	1	1	1	0	0	0	9
Total	134,993	135,198	135,178	134,833	134,187	132,939	132,038	131,601	131,447	131,627	133,358	134,639	1,602,038

Columbia Gas of Kentucky
Actual Billing Determinants by Rate Schedule
For Year-to-Date September 30, 2014

<u>Rate Schedule</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
SR - Residential	95,815	96,070	95,879	95,210	94,530	93,649	93,157	93,009	0	0	0	0	757,319
VGTS - Residential	25,144	25,225	25,280	25,061	24,791	24,544	24,316	24,244	0	0	0	0	198,605
SO - Commercial or Industrial	9,931	9,952	9,919	9,865	9,789	9,680	9,607	9,564	0	0	0	0	78,307
OS - Commercial or Industrial	33	33	33	33	33	33	33	33	0	0	0	0	264
VGTS - Commercial or Industrial	4,093	4,123	4,139	4,108	4,066	4,061	4,059	4,051	0	0	0	0	32,700
S, IU, DS	2	2	2	2	2	2	2	2	0	0	0	0	16
, DS	66	66	66	66	66	66	66	66	0	0	0	0	528
AS	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	135,084	135,471	135,318	134,345	133,277	132,035	131,240	130,969	0	0	0	0	1,067,739

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED NOVEMBER 7, 2014

4. Refer to AMRP Form 2.0. Provide details concerning the forecasted plant additions, retirements, and removals for 2015, including separately identified projects and their locations, number, length, and size of mains and service lines, and associated costs. Also include the projected construction start and completion months for each identified project.

Response:

See Attachment A, a spreadsheet listing the 2015 AMRP Projects.

Project Name - Job Order	Project ID	City	Install Material	Size(s) to Install	Install Footage	Priority Pipe Retirement footage	Stations Retired	Current MAOP	New MAOP	Total Services to Replace	Estimated Construction Start and Completion	Main Cost	Service Replacement Cost	Total Project Cost
Chinoe/Ridgway AMRP JO# 13026461600	1317248	Lexington	Plastic	6.4	3,700	3,700	0	LP	45	30	April Start October End	\$370,000	\$75,000	\$445,000
Euclid Aveune Phase II JO# 13026472500	1317850	Lexington	Plastic	6.2	3,680	3,680	1	LP	45	48	May Start August End	\$460,000	\$120,000	\$580,000
Bellaire Ave. AMRP JO# 13026482700	0992615	Lexington	Plastic	4.2	3,500	3,500	1	LP	40	68	March Start November End	\$490,000	\$170,000	\$660,000
Main Street Versailles 13026488500	1319670	Versailles	Plastic	6	2,000	2,000	0	8	8	40	June Start July End	\$200,000	\$100,000	\$300,000
AMRP - Rose Street JO# 13026474400	1318470	Lexington	Plastic	6.8	690	1,550	0	LP	45	6	June Start August End	\$75,900	\$15,000	\$90,900
AMRP Springhill Drive JO# 13026465200	1317630	Lexington	Plastic	2	5,232	5,269	0	LP	60	58	June Start October End	\$340,100	\$145,000	\$485,100
Bon Haven 13026465400	1317638	Winchester	Plastic	6.2	3,685	3,085	0	LP	60	49	May Start November End	\$243,900	\$122,500	\$366,400
Blackburn Avenue/Pollard Road 14026509400	1421989	Ashland	Plastic	6	510	510	0	LP	LP	2	Feb Start Mar End	\$117,000	\$5,000	\$122,000
Piqua Street 14026521900	1423260	Ashland	Coated Steel	12	200	200	0	132	132	0	Sept Start Oct End	\$55,000	\$0	\$55,000
Dysard Hill Replacement 14026552000	1426740	Ashland	Plastic	4	500	500	0	LP	LP	8	Apr Start May End	\$45,000	\$20,000	\$65,000
29th St. Phase II JO# 13026439900	1314349	Ashland	Plastic	6	4,500	4,000	0	LP	LP	39	April Start September End	\$544,500	\$97,500	\$642,000
AMRP - Downtown Frankfort JO# 13026438300	1314203	Frankfort	Plastic	4	1,300	1,300	0	LP	LP	17	April Start June End	\$130,000	\$42,500	\$172,500
AMRP - Jefferson JO# 13026437700	1314148	Lexington	Plastic	4	771	771	0	LP	LP	22	August Start August End	\$81,000	\$55,000	\$136,000
Winter Street 14026502900	1421557	Midway	Plastic	6	2,900	2,900	0	32	60	0	March Start November End	\$348,000	\$0	\$348,000
Third Street between Wilgus and Eastern		Lexington	Plastic	2	420	420	0	LP	45	8	July Start August End	\$42,000	\$20,000	\$62,000
Bennett Aveune 13026453700	1315802	Lexington	Plastic	4.2	4,130	4,130	1	LP	45	45	February Start May End	\$530,500	\$112,000	\$642,500
Old Frankfort Pike 14026548000	1426317	Versailles	Coated Steel	12	1,500	1,500	0	250	250	2	March Start July End	\$375,000	\$5,000	\$380,000
French Broad JO# 13026439500	1314346	Ashland	Plastic	2	2,500	2,500	0	LP	48	28	June Start November End	\$150,000	\$70,000	\$220,000
Line T-5 Replacement 14026546000	1422742	Ashland	High Density Plastic	8	3,200	3,200	0	132	99	2	April Start October End	\$1,024,000	\$5,000	\$1,029,000
Sunny View Farm Replacement 130264660	1317680	Versailles	Plastic	4	300	300	0	50	50	0	June Start July End	\$55,200	\$0	\$55,200
Deepwood Drive 14026529000	1423945	Lexington	Plastic	2	2,150	2,150	0	LP	45	18	July Start August End	\$109,400	\$45,000	\$154,400
Liberty Road Replacement 14026546800	1318527	Lexington	Plastic	4	2,500	3,984	0	45	45	31	July Start October End	\$225,000	\$77,500	\$302,500
Owens Branch Road/Troublesome Creek 14026509900	1422032	Hindman	Plastic	2	2,170	2,144	0	10	10	8	July Start September End	\$249,500	\$20,000	\$269,500

Project Name - Job Order	Project ID	City	Install Material	Size(s) to Install	Install Footage	Priority Pipe Retirement footage	Stations Retired	Current MAOP	New MAOP	Total Services to Replace	Estimated Construction Start and Completion	Main Cost	Service Replacement Cost	Total Project Cost
Mayo Trail Replacement 13026460101	1316858	Coal Run Village	Plastic	2	500	500	0	10	10	9	May Start June End	\$66,800	\$22,500	\$89,300
Ashford Stud Farm JO: 13026472300	1318388	Versailles	Plastic	6	11,680	11,100	0	50	50	6	April Start November End	\$935,000	\$15,000	\$950,000
McCracken Pike 14-0265183-00	1422718	Versailles	Plastic	4	540	540	0	50	50	0	April Start April End	\$70,700	\$0	\$70,700
DKZ West Replacement 14026542900	1425760	Versailles	Coated Steel	12	50	50	0	160	160	0	May Start June End	\$47,000	\$0	\$47,000
Bob-o-Link 13026487700	1319624	Lexington	Plastic	2.4	2,000	2,000	0	LP	45	20	May Start July End	\$200,000	\$50,000	\$250,000
West 2nd Street (Lexington) Cast Iron JO: 14026541800	1425515	Lexington	Plastic	4	1,400	1,400	0	LP	LP	59	April Start May End	\$301,000	\$147,500	\$448,500
Highland Avenue Winchester 13026529800	1424024	Winchester	Plastic	4	800	800	0	LP	LP	18	October Start October End	\$64,000	\$45,000	\$109,000
Line DKZ @ SR 89 Replacement - Shimfessel Property	1315838	Winchester	Coated Steel	12	1,900	1,050	0	175	175	0	July Start November End	\$427,500	\$0	\$427,500
Scattered Priority Service Line Replacements										900	Jan Start Dec End		\$2,225,000	\$2,225,000