

November 20, 2015

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

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PUBLIC SERVICE
COMMISSION

RE: Case No. 2015-00084

Dear Mr. Derouen

Enclosed for docketing with the Commission is an original and ten (10) copies of Columbia Gas of Kentucky Inc.'s Responses to the Commission's Third Set of Data Requests in the above referenced case. Should you have any questions about this filing, please contact me at 614-460-4648.

Sincerely,

Stephen B. Seiple (gmc)

Stephen B. Seiple
Assistant General Counsel

Enclosures

cc: Hon. Richard S. Taylor

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S SECOND REQUEST FOR INFORMATION
DATED SEPTEMBER 18, 2015

1. Refer to Staffs Second Request for Information ("Staffs Second Request"), Item 7.e., which asks for a "detailed cost estimate of the operations and maintenance expenses for the 159 pressure gauges." In its Response, Columbia states, "See attached cost detail. The cost detail includes the reduction of the additional pressure recording instrument identified in response c. above."

a. State whether Columbia is referring to the "Capital Cost Detail" chart ("Chart") found on the unnumbered page immediately following page 4 of its Response to Item 7. If so, identify where on the Chart the requested information can be found.

b. If the estimates of the operations and maintenance expenses requested are not included on the Chart, or elsewhere in Columbia's Response, provide details of these expenses.

Response:

a. and b. No, the operations and maintenance expenses requested are not shown on the Capital Cost Detail page. The operations and maintenance

expenses are shown on the "Annual O&M Detail" page which may have been inadvertently excluded from Columbia's prior response. Attached hereto is the complete spreadsheet that should have been included in Columbia's response to Data Request 7 to Staff's Second Request for Information. Based on the 2014 unit cost to change a chart, Columbia estimates it will cost \$225.54 to change a chart on each additional gauge once a month for 12 months. If Columbia adds 158 gauges, it will cost approximately \$35,635 a year in additional operations and maintenance expenses.

While the incremental O&M expenses appear small, Columbia believes it is an unnecessary additional expense without a commensurate safety benefit. Columbia already designs each pressure control station with an over-pressure protective device and an additional active back-up device. It is Columbia's opinion that small systems that include an additional over-pressure device (pressure relief valve) is a safer alternative than the passive monitoring provided by pressure recording gauges. The relief valve functions to remove excess pressure immediately while an over-pressure situation would not be observed on a pressure recording gauge until the chart is changed.

Capital Cost Detail	
Number of Instruments	158
Estimated Unit Cost of Instrument	\$1,800
Estimated Miscellaneous Material per Unit	\$50
Estimated Installation Labor Per Unit	\$158
Estimated Overheads	\$522
Subtotal	\$2,530
Total Capital Investment	\$399,740

Annual O&M Detail	
Average Cost to Change a Single Chart 12 times in 2014	\$226
Number of Pressure Recording Instruments to Add	158
Total Estimate Cost based on prior year's actual	\$35,635