COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC. TO EXTEND ITS GAS COST ADJUSTMENT PERFORMANCE BASED RATE MECHANISM	))))	CASE NO. 2017-00453

COMMISSION STAFF'S SECOND REHEARING REQUEST FOR INFORMATION TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. (Columbia Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due on or before February 28, 2020. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Columbia Kentucky fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Columbia Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Columbia Kentucky's response to Commission Staff's First Rehearing Request for Information (Staff's First Rehearing Request), Items 1(a) and 1(b). Columbia Kentucky states that its base contracts with Columbia Gas Transmission (TCO) were last negotiated in 2004, but that it is currently engaged in negotiations with TCO targeting a five-year extension of its contracts.

a. Explain in full detail why Columbia Kentucky did not renegotiate its base contracts with TCO since 2004.

b. Provide copies of the 2004 base contracts between Columbia Kentucky and TCO.

c. Explain in full detail what prompted Columbia Kentucky to enter into current negotiations with TCO if the base contracts had not been renegotiated since 2004.

d. Explain in full detail why Columbia Kentucky is targeting a five-year extension of its contracts.

e. If available, provide all modifications between the prior contracts that Columbia Kentucky and TCO entered in 2004 and the current negotiated contract.

f. Explain the target term of five years for the TCO contract in comparison to the length of the current base contract that was last negotiated in 2004.

g. Explain whether all NiSource affiliate contracts with TCO are negotiated together and at the same time. If not, explain the timing or cycle in which they are negotiated.

2. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Items 1(a) and 1(b). Columbia Kentucky states that its contract with Tennessee Gas Pipeline has been renegotiated approximately every five years with renegotiated contracts taking effect in 2014 and 2019.

a. Explain in full detail why Columbia Kentucky has renegotiated contract terms with Tennessee Gas Pipeline every five years.

b. Provide copies of all renegotiated contracts between Columbia Kentucky and Tennessee Gas Pipeline since 2004.

c. Provide a description of the modifications between each contract that Columbia Kentucky has entered into with Tennessee Gas Pipeline since 2004.

3. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Items 1(a) and (b). Generally explain how contract terms relate to the risk assumed by Columbia Kentucky.

4. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 1(c). Confirm that Columbia Kentucky reevaluates the need and existing options for gas supply at the end of every contract term.

5. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 2.

a. Explain and provide examples of Columbia Kentucky's knowledge of the Federal Energy Regulatory Commission (FERC) precedent mentioned in the response.

b. Explain whether FERC has any standardized requirements for discounted special contracts, similar to the Commission's requirements for Economic Development Rates or threat-of-bypass customers.

6. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 3(a). This answer is non-responsive to the question posed. As initially requested, explain in detail how Columbia Kentucky was able to negotiate with TCO Corporation to not be subject to the Capital Cost Recovery Mechanism (CCRM) rider. Provide documentation where applicable.

7. Refer to Columbia Kentucky's response to Item 3(b) of Staff's First Rehearing Request. Provide the amount of the TCO CCRM rider and other TCO riders paid by each NiSource affiliate and the effective dates of each.

8. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 3(c). Explain whether the avoidance of the CCRM rider would have occurred if Columbia Kentucky did not have a Performance-Based Rate (PBR) mechanism. Explain the answer in full detail.

9. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 4(b). State whether Columbia Kentucky was subject at any time to the CCRM rider approved January 2013. If so, provide the amount of the rider, the period it was charged, and the timing and circumstances of it ultimately being avoided.

10. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 7.

a. Explain in further detail the "significant financial risk" that was created by the Commission's final Order dated October 22, 2019.

b. Describe the steps Columbia Kentucky has taken to mitigate incremental risk in its winter season planning process.

11. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 9(n). Explain in further detail why Columbia Kentucky is "currently renegotiating its capacity portfolio with an intended design to reduce current capacity levels on Columbia Gas Transmission and/or Central Kentucky Transmission." The explanation should include the reasons for the contemplated reductions, any projected cost savings or other benefits to Columbia Kentucky and its customers, and alternatives to meeting Columbia Kentucky's capacity requirements following any such reduction.

12. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 10(b). Provide the high and low gas prices for 2001.

13. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 10(c).

a. State whether Columbia Kentucky believes that its current competitive environment and the possibility of its customers fuel switching could be as effective as the PBR in ensuring it achieves the lowest possible gas cost consistent with security of supply.

b. Provide a detailed discussion of the meaning of the last three sentences of this response.

14. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Items 10(c) and 14(a)-(b). Explain how Columbia Kentucky can assert that greater savings are accomplished under the PBR than absent the mechanism but that it would not alter its behavior absent the mechanism.

15. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 11, in which Columbia Kentucky confirms that only itself, Atmos, and LG&E have an approved PBR mechanism in the state of Kentucky. Explain in full detail how the other natural gas utilities in Kentucky are able to procure a low cost, reliable gas supply without a PBR mechanism.

16. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 14(c). Explain in detail the specific risks and related market conditions.

17. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 17. Explain in full detail why Columbia Kentucky does not track administrative costs associated with the PBR mechanism at a detailed level.

18. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Items 17 and 21. Explain whether Columbia believes that its PBR mechanism adequately compensates its customers for the cost of its extra effort in PBR-related activities, given that the cost of PBR-related activities are recovered through base rates.

19. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 18. Provide a more detailed summary discussion of the NIPSCO Gas Company's and Bay State Gas Company's gas procurement incentive/sharing mechanisms.

20. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 19.

a. Based upon Columbia Kentucky's response to the question, confirm that there are only 12 other states that have a PBR type mechanism.

b. Confirm that the Maryland Public Service Commission Order referenced in the response discusses different forms of alternative regulation and does not appear to discuss gas cost PBR specifically.

c. State whether Columbia Kentucky can confirm that Spire Missouri is still authorizing a Gas Cost Incentive Plan.

d. State whether Columbia Kentucky can confirm that New Jersey Natural Gas Company and New York State Electric & Gas Company are currently authorized gas cost incentive programs.

e. State whether Columbia Kentucky can confirm whether Oklahoma gas utilities have authorized gas cost incentive programs.

f. According to its tariff, confirm that Piedmont Natural Gas in Tennessee is subject to a $1.6 million cap on incentive gains and losses.

g. State whether Columbia Kentucky can confirm that Washington Gas Light in Virginia is still operating under gas cost PBR.

h. Provide Columbia Kentucky's understanding of the referenced Wisconsin Alliant gas cost recovery mechanism, and whether it contains an incentive component.

21. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 21. Explain whether NiSource performs all aspects of Columbia Kentucky's gas procurement or just the PBR mechanism component.

22. Refer to Columbia Kentucky's response to Staff's First Rehearing Request, Item 22. Explain in full detail how it is possible for a local distribution company to be charged more than the FERC approved rate for transportation under a negotiated rate agreement.

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cc: Parties of Record

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