

290 W. Nationwide Blvd.  
Columbus, Ohio 43215  
Direct: 614.460.5558  
bwancheck@nisource.com



April 10, 2017

*HAND DELIVERED*

Dr. Talina R. Mathews  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602

**RECEIVED**  
APR 10 2017  
PUBLIC SERVICE  
COMMISSION

RE: *Case No. 2017-00115, Tariff Filing of Columbia Gas of Kentucky, Inc. to  
Extend Its Small Volume Gas Transportation Service*

Dear Dr. Mathews,

Enclosed please find the original and eight (8) copies of Columbia Gas of Kentucky Inc.'s Responses to Commission Staff's First Request for Information in the above reference matter.

Please do not hesitate to contact me should you have any questions.

Sincerely,

*Brooke E. Wancheck (gmc)*

Brooke E. Wancheck  
Assistant General Counsel

Enclosure(s)

## CERTIFICATE OF SERVICE

I hereby certify that on this 10<sup>th</sup> day of April, 2017 an original and eight (8) copies of the foregoing were served and filed by hand-delivery to Dr. Talina Mathews, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky, 40601. I further certify that true and accurate copies of the foregoing were delivered to the parties as below:

Via e-mail:

Attorney General

Kent A. Chandler – kent.chandler@ky.gov

Rebecca W. Goodman – rebecca.goodman@ky.gov

Lawrence W. Cook – lawrence.cook@ky.gov

Via U.S. Mail, postage prepaid:

William H. May

Matthew R. Malone

Hurt, Deckard & May

The Equus Building

127 West Main Street

Lexington, Kentucky 40507

Brooke E. Wancheck (gmc)

Brooke E. Wancheck

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of: )  
)  
TARIFF FILING OF COLUMBIA GAS OF ) Case No. 2017-00115  
KENTUCKY, INC. TO EXTEND ITS SMALL )  
VOLUME GAS TRANSPORTATION SERVICE )

CERTIFICATION OF RESPONSES TO INFORMATION REQUESTS

This is to certify that I have supervised the preparation of Columbia Gas of Kentucky, Inc.'s responses to the Commission Staff's First Request for Information dated March 23, 2017 and that the responses are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

DATE: April 10, 2017

Herbert A. Miller, Jr.  
Herbert A. Miller, Jr.  
President  
Columbia Gas of Kentucky, Inc.

COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

SUBSCRIBED AND SWORN to before me by Herbert A. Miller, Jr. on this the 10<sup>th</sup> day of April, 2017.

Evelyn Long Davis  
Notary Public # 419232

My Commission expires: 05/15/2018

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED MARCH 23, 2017**

1. Provide the most current number of residential and commercial customers participating in Columbia's Small Volume Gas Transportation Service ("SVGTS") tariff (Choice program") and the date(s) the numbers were determined.

a. Explain whether the number of residential or commercial customers participating in Columbia's Choice program has increased or decreased, and by what amounts, since the program was last extended in Case No. 2013-00167.<sup>1</sup>

b. Provide the number of new participants that have enrolled in the Choice program since March 15, 2016, the end of the reporting period for Columbia's 2016 Annual Report on the Customer Choice program.

c. For new participants (enrollees since March 15, 2016), provide, for residential and commercial participants separately, the methods of

---

<sup>1</sup> Case No. 2013-00167. *Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates for Gas Service* (Ky. PSC. Dec. 13, 2013).

enrollment (written, internet, telephone. etc.) and the numbers enrolled under each method.

d. Provide, for the period since March 15, 2016, the percentage of total throughput eligible for the Choice program that has been supplied by a marketer and the percentage that has been supplied by Columbia.

**Response:**

1. The table below shows current number of residential and commercial customers participating in Columbia's Small Volume Gas Transportation Service ("SVGTS") tariff.

| <b>CKY CHOICE Customer Program</b>      |               |
|---|---------------|
| <b>Enrollments as of March 31, 2017</b> |               |
| <b>Residential</b>                      | 20,556        |
| <b>Commercial/Industrial</b>            | 3,529         |
| <b>Total Enrollments</b>                | <b>24,085</b> |

- a. The table below shows a net decrease in participation in Columbia's CHOICE program from November 2013 compared to March 2017.

| CKY CHOICE Customer Program |                |                |               |
|-----------------------------|----------------|----------------|---------------|
| Enrollment Comparison       |                |                |               |
|                             | As of Mar 2017 | As of Nov 2013 | Decreased     |
| Residential                 | 20,556         | 24,915         | -4,359        |
| Commercial/Industrial       | 3,529          | 4,075          | -546          |
| <b>Total Enrollments</b>    | <b>24,085</b>  | <b>28,990</b>  | <b>-4,905</b> |

b. The table below shows number of new participants that have enrolled in the CHOICE program since March 15, 2016, and the methods of enrollment (written, internet, telephone).

| CKY CHOICE Customer Program           |           |           |           |          |           |            |            |           |           |          |           |            |
|---------------------------------------|-----------|-----------|-----------|----------|-----------|------------|------------|-----------|-----------|----------|-----------|------------|
| New Choice Participants               |           |           |           |          |           |            |            |           |           |          |           |            |
| April 2016 - March 2017               |           |           |           |          |           |            |            |           |           |          |           |            |
| Month                                 | Apr-16    | May-16    | Jun-16    | Jul-16   | Aug-16    | Sep-16     | Oct-16     | Nov-16    | Dec-16    | Jan-17   | Feb-17    | Mar-17     |
| New Residential                       | 6         | 2         | 4         | 1        | 10        | 4          | 19         | 16        | 7         | 6        | 7         | 109        |
| New Commercial/Industrial             | 12        | 8         | 17        | 7        | 3         | 127        | 92         | 4         | 3         | 1        | 6         | 1          |
| <b>Total New Enrollments</b>          | <b>18</b> | <b>10</b> | <b>21</b> | <b>8</b> | <b>13</b> | <b>131</b> | <b>111</b> | <b>15</b> | <b>10</b> | <b>7</b> | <b>13</b> | <b>110</b> |
| <b>Method of Enrollment</b>           |           |           |           |          |           |            |            |           |           |          |           |            |
| New Residential - Written             | 0         | 0         | 0         | 0        | 0         | 0          | 0          | 0         | 0         | 0        | 2         | 0          |
| New Residential - Internet            | 4         | 2         | 1         | 0        | 0         | 0          | 1          | 3         | 3         | 3        | 0         | 2          |
| New Residential - Telephone           | 2         | 0         | 3         | 1        | 10        | 4          | 16         | 8         | 4         | 3        | 5         | 107        |
| New Commercial/Industrial - Written   | 0         | 0         | 0         | 0        | 0         | 0          | 0          | 0         | 0         | 0        | 5         | 0          |
| New Commercial/Industrial - Internet  | 11        | 4         | 15        | 1        | 0         | 0          | 0          | 2         | 1         | 1        | 1         | 1          |
| New Commercial/Industrial - Telephone | 1         | 4         | 2         | 6        | 3         | 127        | 92         | 2         | 2         | 0        | 0         | 0          |
| <b>Totals</b>                         | <b>18</b> | <b>10</b> | <b>21</b> | <b>8</b> | <b>13</b> | <b>131</b> | <b>111</b> | <b>15</b> | <b>10</b> | <b>7</b> | <b>13</b> | <b>110</b> |

c. See table provided under 1.d

d. The table below shows the percentage of total throughput eligible for the CHOICE program that has been supplied by a marketer and the percentage that has been supplied by Columbia for the 12 Months Ending February 28, 2017.

| Month | Year | Percentage<br>Of<br>Eligible<br>Supplied<br>By<br>Marketer | Percentage<br>Of<br>Eligible<br>Supplied<br>By<br>Columbia |
|-------|------|--|--|
| Jan   | 2017 | 23.4%  | 76.6%  |
| Feb   | 2017 | 23.0%  | 77.0%  |
| Mar   | 2016 | 24.5%  | 75.5%  |
| Apr   | 2016 | 25.4%  | 74.6%  |
| May   | 2016 | 24.7%  | 75.3%  |
| Jun   | 2016 | 24.9%  | 75.1%  |
| Jul   | 2016 | 25.7%  | 74.3%  |
| Aug   | 2016 | 25.8%  | 74.2%  |
| Sep   | 2016 | 26.2%  | 73.8%  |
| Oct   | 2016 | 25.4%  | 74.6%  |
| Nov   | 2016 | 25.5%  | 74.5%  |
| Dec   | 2016 | 23.9%  | 76.1%  |
| Total |      | 24.2%  | 75.8%  |

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED MARCH 23, 2017**

2. a. Provide a list of the marketers currently participating in the Choice program.
- b. Explain whether there are participating marketers that are currently not actively recruiting customers.
- c. Explain whether all participating marketers are actively recruiting both residential and commercial customers.
- d. Provide a breakdown of the number of customers per marketer.

**Response:**

- a. The table below provides a list of the marketers participating in the CHOICE program as of March 31, 2017.



| <b>CKY CHOICE Customer Program Marketers</b>            |
|---|
| <b>As of March 31, 2017</b>                             |
| CENTERPOINTE ENERGY SERVICES, INC                       |
| CONSTELLATION ENERGY GAS CHOICE, INC.                   |
| INTERSTATE GAS SUPPLY, INC. dba IGS ENERGY              |
| KENTUCKY UNITED ENERGY LLC.                             |
| NOVEC ENERGY SOLUTIONS                                  |
| STAND ENERGY CORPORATION                                |
| U.S. GAS AND ELECTRIC, INC. dba KENTUCKY GAS & ELECTRIC |
| VISTA ENERGY MARKETING, L.P.                            |
| VOLUNTEER ENERGY SERVICES, INC.                         |
| XOOM ENERGY   |

- b. Columbia cannot definitively state whether participating Marketers are “actively recruiting customers.” However, Columbia can confirm that there have been some marketers who have not made offerings in a given month. Columbia can also tell whether a Marketer is increasing or decreasing its customer base.
- c. Columbia cannot definitively state whether participating Marketers are “actively recruiting both residential and commercial customers.” However, Columbia can confirm that Marketers continually enroll both residential and commercial customers.
- d. The table below provides breakdown of the number of customers per marketer.

| <b>CKY CHOICE Customer Program</b> |                       |
|------------------------------------|-----------------------|
| <b>As of March 31, 2017</b>        |                       |
| <b>Marketers</b>                   | <b># of Customers</b> |
| MARKETER A                         | 15,721                |
| MARKETER B                         | 4,605                 |
| MARKETER C                         | 26                    |
| MARKETER D                         | 108                   |
| MARKETER E                         | 1,738                 |
| MARKETER F                         | 105                   |
| MARKETER G                         | 745                   |
| MARKETER H                         | 656                   |
| MARKETER I                         | 185                   |
| MARKETER J                         | 196                   |
| <b>TOTAL</b>                       | <b>24,085</b>         |

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED MARCH 23, 2017**

3. Refer to Case No. 2012-00132,<sup>2</sup> the results of the Choice program survey filed July 13, 2012. The Executive Summary, section 1.3, titled *Insights*, page 7, states:

While the survey was designed as a perception study, one of the most important and unexpected findings of the research was that Columbia Gas customers — both Choice and non-Choice — are not aware of how the Choice program works and what their options are. The Choice program depends on consumers being actively engaged in choosing a supplier and tracking savings over time. Yet the research shows that the average customer does not know enough about the program to make these educated decisions, and many customers do not even know if they are or are not participating in the Choice program. This lack of awareness and understanding is evident throughout the research findings.

---

<sup>2</sup> Case No. 2012-00132, *Columbia Gas of Kentucky, Inc. Filing of Customer Choice Survey Results* (Ky. PSC Feb. 8, 2013).

On page 8, the *Insights* section further states:

While satisfaction with the Customer Choice program is high, this study revealed that customer perceptions of the Choice program are muddled by a number of factors. First, many people do not know what the program is, what the benefits of joining are, or how to join. Second, it seems that many customers are confusing the Customer Choice program with the Budget Payment Plan. Third, customers do not know how to track their savings or compare the costs of marketers in the program. For the Customer Choice program to be most transparent and effective, and for customer perceptions of the program to be uninfluenced by other factors like the Budget Payment Plan, consumers need to be better informed about the options available to them. Only then can the Choice program be truly evaluated on its own merits.

Provide Columbia's plan for addressing each of the issues identified below.

The response should include how participating marketers will be involved in the Choice program areas needing improvement.

- a. Lack of awareness on the part of both Choice and non-Choice customers of how the Choice program works and their options with regard to the program.
- b. Ensuring that participating Choice customers are actively engaged in choosing a supplier, how to track their savings over time, and how to compare the costs of marketers participating in the program.
- c. Ensuring that customers know whether they are participating in the Choice program.

d. Educating customers with regard to the budget program so that it is distinguishable from the Choice program.

**Response:** a, b, and c - Columbia's plan for addressing all of the identified issues is to provide additional information to customers regarding the CHOICE program. For both CHOICE and non-CHOICE customers, Columbia will add information to customer bills that directs customers to the customer call center and Columbia's website to obtain resources that explain the CHOICE program and that provide cost comparison information. For CHOICE customers, the customer's chosen marketer, cost of gas and contact information is already provided on each bill and this will continue. Columbia will also mail a new annual notification to its CHOICE customers to provide additional awareness of their participation separate from the monthly customer bill. Columbia is also willing to work with participating marketers and PSC Staff to develop any additional communications with customers that ensure customers are fully aware of the CHOICE program. d. Since the 2012 survey, Columbia re-designed its customer bill in 2016. The new bill format identifies the type of customer at the top right-hand side of the first page in the Account Profile section of the bill so a customer can clearly identify if they are on the Budget Payment Plan. If the customer is a participant in the CHOICE program that would be included as an additional line in the same location on the bill.

The new format provides two boxes of account information for Budget Payment Plan customers including an Actual Account Summary that was not previously able to be shown regarding budget billing. The additional detail shows the budget payment, the actual bill amount and the cumulative account balance.

Budget Payment Plan information is shown separately from the gas cost of a CHOICE marketer. If the customer is a CHOICE program participant the detail of those charges appears in the Detail Charges section of the bill which is on the second page. If the customer is not a CHOICE participant information about where to obtain information is in the Message Board of the new bill format. Columbia believes the new budget presentation is more informative and better distinguishes budget billing from the CHOICE program.

**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED MARCH 23, 2017**

4. Provide a discussion of Columbia's long-range intentions with regard to the future of the Choice program. The discussion should include, but not be limited to, whether Columbia believes it should become a permanent program and whether it believes that its ongoing status as a pilot discourages greater marketer or customer participation.

**Response:** Columbia submits the best course at this time is a five-year extension of the existing CHOICE Pilot program, with Columbia's commitments detailed in response to PSC Staff 1-3. The program is, and has always been, about providing customers with an option to purchase gas from a commodity supplier alternative to the utility company. This alternative is not a guaranteed lower cost option. What the 2012 survey revealed, and what Columbia has come to better understand, is that price or cost savings is not the sole basis for a decision by a customer when determining whether to participate in the CHOICE program. Some customers greatly value the ability to plan and better forecast their gas supply cost and the CHOICE program affords customers this opportunity. The

customer may also desire a fixed price of gas or perhaps a guarantee that the variance in cost will be within a defined range or perhaps other factors. Again, the CHOICE program provides that opportunity. Columbia understands that these options are of perceived value to at least some of its customers and it is upon this understanding that Columbia seeks to continue the program.

The CHOICE program should remain a pilot program and not a permanent program in order to allow for a periodic review by either Columbia or the Public Service Commission in the event that the market for natural gas changes, the number and quality of CHOICE competitors changes, the perceived customer value of the program changes or other unanticipated factors. Historically, Columbia has only asked for a two or three-year extension period. Continuing the pilot program for a five-year period may, however, allow sufficient time for CHOICE marketers to create products and services for CHOICE customers that would not have been feasible under an extension of a shorter term. As CHOICE customers are approximately 18% of Columbia's total customers, and there are currently 10 marketers in the pilot program, the status of the program as a pilot has not appeared to be an impediment to customer or marketer participation.