

Columbia Gas[®]
of Kentucky

A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

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MAR 08 2007

PUBLIC SERVICE
COMMISSION

March 8, 2007

RE: CASE NO. 2007-00008
An Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc.

Dear Ms. O'Donnell,

Please find enclosed an original and ten (10) copies of the reply of Columbia Gas of Kentucky, Inc., to the Motion of Interstate Gas Supply, Inc., to intervene in Case No. 2007-00008.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

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MAR 08 2007

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS) CASE NO. 2007-00008
OF KENTUCKY, INC.)

COLUMBIA GAS OF KENTUCKY, INC.'s
REPLY TO
THE MOTION OF INTERSTATE GAS SUPPLY, INC TO INTERVENE

Now comes Columbia Gas of Kentucky, Inc. ("Columbia"), by and through its attorneys and replies to the Motion to Intervene filed by Interstate Gas Supply, Inc. ("Interstate") in the above-captioned proceeding.

On February, 14, 2007, Interstate filed its Motion to Intervene requesting full intervenor status in this action pursuant to 807 KAR 5:001 §3(8) ("Motion"). In its Motion - and presumably in order to demonstrate that it has standing to intervene in Columbia's general rate proceeding - Interstate raised numerous allegations. *Motion at 2.* A common theme to Interstate's allegations was its contention that Columbia's rate case would negatively impact Interstate's customers.

Nevertheless, it goes without saying that Interstate's customers are also Columbia's customers. To the extent the rate case will have an impact on customers, the customers are already adequately represented by the Attorney General, which pursuant to KRS 367.150(8), has the right

and obligation to appear before regulatory bodies of the Commonwealth of Kentucky to represent consumers' interests. Moreover, the Commission's Rules of Procedure provide that a person is to be granted full intervention if the person's interest is "not otherwise adequately represented" by parties to the proceeding. 807 KAR 5:001 Section 3 (8)(b). The Commission granted the Attorney General's motion to intervene on February 26, 2007; therefore, the consumers' interests will be adequately represented and Interstate's Motion should be denied because its participation is not necessary for the adequate representation of consumers.

In the alternative, if the Commission should find that Interstate has standing to intervene and grants its Motion, Columbia submits that the Commission should strike the allegations made by Interstate in its Motion. Nevertheless, Columbia submits that the allegations made by Interstate in its Motion lack foundation, and such allegations are unnecessary and inappropriate for inclusion in a Motion to Intervene. Columbia generally denies those allegations; however it would be premature for Columbia to provide a substantive response to those allegations at this time. Columbia reserves the right to challenge those allegations during any hearing held in this proceeding.

WHEREFORE, Columbia hereby respectfully requests the Commission deny Interstate's Motion because Interstate's interests are already adequately represented by the Attorney General in this proceeding. In the alternative, if the Commission finds that Interstate has standing to intervene, Columbia respectfully requests that the Commission strike all of the allegations made by Interstate.

Dated at Canonsburg, Pennsylvania, this 8nd of March 2007.

Respectfully submitted,

COLUMBIA GAS OF KENTUCKY, INC.

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Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Reply of Columbia Gas of Kentucky, Inc. were served via either personal hand delivery, First Class U.S. Mail postage prepaid or overnight mail on the following parties, all on this 8th day of March, 2007.

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