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TO: Jennifer

Fax #: 502-564-3460

COMPANY: Kentucky Public Service Commission

FROM: Hon. Matthew R. Malone

DATE: July 1, 2009

RE: Interstate Gas Supply

Number of pages including this cover page:

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of: : Case No. 2009-00141
: :
Application Of Columbia Gas of Kentucky, Inc. :
For an Adjustment in Rates :

INTERSTATE GAS SUPPLY, INC.'S MOTION TO RECONSIDER
ITS MOTION FOR INTERVENTION

Comes Interstate Gas Supply, Inc. ("IGS") pursuant to 807 KAR 5:001 Section 3(8), by counsel, and moves the Commission to reconsider its motion for full intervenor status in this action to the fullest extent permitted by law, on behalf of itself and those customers that it serves through the Customer Choice Program ("Choice Program"). In support of this Motion to Reconsider, IGS states as follows:

BACKGROUND

IGS filed a motion to intervene in the above-referenced action on May 27, 2009. At that time, IGS sought full intervention in the above-referenced matter based upon its having a special interest in these proceedings. In support thereof, IGS indicated it is the largest competitive supplier in the Choice Program and serves over 20,000 customers within Columbia's service area through the program. Likewise, IGS indicated that issues regarding the Choice Program have arisen in previous rate adjustment cases filed by Columbia. Thereafter, IGS asserted it has a special interest in these proceedings and IGS requested full intervention based upon itself, and its customers.

The Commission denied intervention on June 26, 2009 based upon the Attorney General representing IGS' customers' interests and IGS failing to provide a factual basis for intervention.

In Columbia's most recent rate adjustment case (2007-00008) IGS filed a motion to intervene setting forth several issues and assertions involved in that case, which in turn led to

litigation over intervention – and IGS eventually being granted full intervention. Issues arose in 2007-00008 which directly impacted IGS which were not fully briefed in its motion to intervene therein (e.g. Columbia seeking to extend the off-system sales revenue sharing/capacity release mechanism (“OSS CRM”) for time period not in conjunction with the length of the Choice Program).

Comparably, in the matter at hand, IGS filed a less specific pleading seeking to avoid litigation over intervention. Regardless of the initial denial of intervention, issues have arisen which directly relate to IGS. In this motion to reconsider, IGS expands on its previous motion for intervention and IGS respectfully requests that the Commission reconsider its June 26, 2009 Order.

ARGUMENT

I. THIS RATE ADJUSTMENT MATTER INVOLVES PROPOSED SERVICES IN DIRECT COMPETITION WITH IGS.

In this rate case, Columbia proposes a Price Protection Service (“PPS”) and Negotiated Sales Service (“NSS”) which directly compete with IGS. Columbia’s proposed new services essentially provide customers with a fixed supply cost for natural gas with Columbia bearing responsibility for variability in gas supply cost. Columbia’s proposed services are requested to be largely unregulated (e.g. Columbia may enter into financial hedges to control its risk (*See* p. 3 of Erich Evan’s direct testimony).

IGS and other Choice suppliers provide almost indistinguishable services compared to Columbia’s proposed PPS and NSS services. The Choice Program allows Columbia customers to decide who supplies natural gas for their home or business. IGS is the largest competitive supplier in the Choice Program and serves over 20,000 customers through the program.

With regard to PPS and NSS, it appears that Columbia seeks to subsidize these services using existing call centers and advertising in utility bills. Currently, Columbia is supposed to provide information regarding Choice to its customers through its general advertisements and, additionally, through its call centers. Pursuant to its tariff filing, Columbia appears to seek to promote PPS and NSS through both general advertising and its call centers – creating competition and conflict with the Choice program.

IGS has no control over Columbia's general advertising or Columbia's internal call centers and IGS will be at a clear disadvantage to market its services compared to Columbia's PPS and NSS services.

As such, IGS has a special interest in these proceedings because the services proposed by Columbia will directly impact IGS and IGS' interests are not adequately represented.

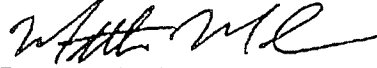
Rather than filing documents piece-meal after denial of intervention, and in light of the Commission's scheduling order regarding data requests in this matter, along with an effort to not burden Columbia with an extremely tardy request for data, IGS has served and e-mailed several data requests to Columbia regarding PPS and NSS at the same time as filing this motion to reconsider. IGS respectfully requests that the Commission permit the filing of same and permit Columbia additional time to respond if it necessary.

Full intervention by IGS will assist the Commission in considering this matter without unduly complicating these proceeds and IGS and its customers have a special interest in these proceedings.

Wherefore, IGS respectfully requests that the Commission reconsider its order denying intervention and that IGS be permitted to intervene in the above-referenced matter.

Respectfully submitted,

HURT, CROSBIE & MAY PLLC



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CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of this Motion to Reconsider were served via hand-delivery upon Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; furthermore, it was served by mailing a copy by first class U.S. Mail, postage prepaid, on the following, all on this 1st day of July, 2009.

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