

August 12, 2009

**SENT VIA FAX AND
OVERNIGHT DELIVERY**

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

RECEIVED

AUG 13 2009

**PUBLIC SERVICE
COMMISSION**

RE: Case No. 2009-00141

Dear Mr. Derouen,

Enclosed for filing are Columbia Gas of Kentucky's Data Requests Served Upon the Attorney General. One copy is being faxed, and the original and eleven (11) copies are being sent by overnight delivery. Please docket the fax copy, and upon receipt of the overnight delivery please docket the original and ten (10) copies and return the extra copy to me in the self addressed stamped envelope enclosed. Should you have any questions about this filing, please contact me at 614-460-4648. Thank you!

Sincerely,



Stephen B. Seiple
Assistant General Counsel

Enclosures

cc: All Parties of Record
Hon. Richard S. Taylor

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
Application of Columbia Gas of Kentucky, Inc.,) Case No. 2009-00141
for an Adjustment in Rates.)

**COLUMBIA GAS OF KENTUCKY, INC.'S
DATA REQUEST SERVED UPON
THE OFFICE OF THE ATTORNEY GENERAL**

Pursuant to the Commission's Order in this proceeding, dated July 31, 2009, Columbia Gas of Kentucky, Inc. ("Columbia"), propounds the following data requests to be answered by the Office of the Attorney General ("AG") in writing. These data requests shall be deemed to be continuing so as to require supplementary answers between the time the answers are served and the time of hearing.

INSTRUCTIONS FOR ANSWERING

(1) All responses shall be in writing, and each response shall identify the name and position of the person(s) who provided the response. Each data request shall be answered separately and fully. Each response shall first restate the data request being answered.

(2) All responses to data requests shall be served upon Columbia at the offices and its attorneys in this proceeding:

Stephen B. Seiple
200 Civic Center Drive
P.O. Box 117
Columbus, Ohio 43216-0117
Telephone: (614) 460-4648
Fax: (614) 460-6986
e-mail: sseiple@nisource.com

Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601
Telephone: (502) 223-8967
Fax: (502) 226-6383
e-mail: attysmitty@aol.com

(3) You are reminded that all answers must be made separately and fully, and that an incomplete or evasive answer is a failure to answer.

(4) You are under a continuing duty to seasonably supplement your response with respect to any question directly addressed to the identity and location of person having knowledge of discoverable matters, the identity of any person expected to be called as an expert witness at hearing, and the subject matter of which he or she is expected to testify, and to correct any response which you know or later learn is incomplete or incorrect.

(5) All information is to be divulged which is in your possession or control or within the possession and control of your attorneys, investigators, agents, employees, or other representatives of you or your attorney.

(6) Where a data request calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

(7) Where an objection is interposed to any data request, or part thereof, answer all parts of the data request to the extent not objected to.

(8) Identification. As used herein, the terms "identification," "identify," or "identity," when used in reference to (a) a natural individual, requires you to state his or her full name and residential and business address; (b) a corporation, requires you to state its full corporate name and any names under which it does business, its state of incorporation, the address of its principal place of business, and the address of all of its offices in Kentucky; (c) a business, requires you to state the full name or style under which the business is conducted, its business address or ad-

dresses, the types of businesses in which it is engaged, the geographic areas in which it conducts those businesses, and the identity of the person or persons who own, operate, and control the business; (d) a document, requires you to state the number of pages and the nature of the document (*e.g.*, letter or memorandum), its title, its date, the name or names of its authors and recipients, and its present location and custodian; (e) a communication, requires you, if any part of the communication was written, to identify the document or documents which refer to or evidence the communication, and, to the extent that the communication was non-written, to identify the person participating in the communication and to state the date, manner, place and substance of the communication.

(9) Identification of documents. With respect to each data request, in addition to supplying the information requested, you are to identify all documents that support, refer to, or evidence the subject matter of each data request and your answer thereto.

If any or all documents identified herein are no longer in your possession, custody, or control because of destruction, loss, or any other reason, then do the following with respect to each and every such document: (a) describe the nature of the document (*e.g.*, letter or memorandum); (b) state the date of the document; (c) identify the persons who sent and received the original copy of the document; (d) state in as much detail as possible the contents of the document; and (e) state the manner and date of disposition of the document.

If you contend that you are entitled to withhold from production any or all documents identified herein on the basis of attorney-client privilege, the work product doctrine, or other grounds, then do the following with respect to each and every document: (a) describe the nature of the document (*e.g.*, letter or memorandum); (b) state the date of the document; (c) identify the persons who sent and received the original and a copy of the document; (d) state the subject mat-

ter of the document; and (e) state the basis upon which you contend you are entitled to withhold the document from production.

(10) Representative. As used herein, the term “representative” means any and all agents, employees, servants, officers, directors, attorneys, or other persons acting or purporting to act on behalf of the person in question.

(11) Person. As used herein, the term “person” means any natural individual in any capacity whatsoever or any entity or organization, including divisions, departments, and other units therein, and shall include, but not be limited to, a public or private corporation, partnership, joint venture, voluntary or unincorporated association, organization, proprietorship, trust, estate, governmental agency, commission, bureau, or department.

(12) Document. As used herein, the term “document” means any medium upon which intelligence or information can be recorded or retrieved, and includes, without limitation, the original and each copy, regardless of origin and location, of any book, pamphlet, periodical, letter, memorandum (including any memorandum or report of a meeting or conversation), invoice, bill, order form, receipt, financial statement, accounting entry, diary, calendar, telex, telegram cable, report, record, contract, agreement, study, handwritten note, draft, working paper, chart, paper, print, laboratory record, drawing, sketch, graph, index, list, tape, photograph, microfilm, data sheet or data processing card, electronic mail, computer discs or tapes, or computer produced interpretations thereof, or any other written, recorded, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody, or control or which was, but is no longer, in your possession, custody or control.

(13) Communication. As used herein, the term “communication” means any oral or written utterance, notation, or statement of any nature whatsoever, by and to whomsoever made,

including, but not limited to, correspondence, conversations, dialogues, discussion, interviews, consultations, agreement, and other understandings between or among two or more persons.

(14) Contention Data Request. When a data request requires you to “state the basis of” a particular claim, contention, or allegation, state in your answer the identity of each and every communication and each and every legal theory that you think supports, refers to, or evidences such claim, contention, or allegation.

(15) The Word “Or.” As used herein, the word “or” appearing in a data request should not be read so as to eliminate any part of the data request, but, whenever applicable, it should have the same meaning as the word “and.” For example, a data request stating “support or refer” should be read as “support and refer” if an answer that does both can be made.

DATA REQUESTS

Data Requests relating to the Testimony of Dr. Woolridge:

1. Please provide an electronic copy of the Direct Testimony of Mr. Henkes, Mr. Majoros, Mr. Watkins, and Dr. Woolridge, in native format (*i.e.*, Microsoft Word, WordPerfect, etc.).
2. Regarding Exhibit JRW-1 through Exhibit JRW-15. Please provide an electronic copy of the schedules prepared by Dr. Woolridge in their native format (*i.e.*, Microsoft Excel, Lotus 1-2-3, etc.) with all formulas intact.
3. Regarding the Direct Testimony of J. Randall Woolridge, page 6, lines 8-21 and Exhibit JRW-2. Please provide the yields portrayed on Panel A shown on page 1 of Exhibit JRW-2. The response should include both a hard copy and an electronic copy of the yields.
4. Regarding the Direct Testimony of J. Randall Woolridge, page 7, lines 3-15 and Exhibit JRW-2. Please provide the yield spreads portrayed on Panel B shown on page 1 of Exhibit JRW-2. The response should include both a hard copy and an electronic copy of the yield spreads.
5. Regarding the Direct Testimony of J. Randall Woolridge, page 11, lines 2-10 and Exhibit JRW-3. Please provide the bond yields and spreads for each rating category portrayed on the graph shown on page 1 of Exhibit JRW-3. Also, please provide the Treasury yields that were used to compute the spreads, identifying the maturity of the Treasury obligation. The response should include both a hard copy and an electronic copy of the yields.
6. Regarding the Direct Testimony of J. Randall Woolridge, page 12, lines 18-25. Please provide the coefficient of variation, the standard deviation, and means for each data point shown on Panels A and B of page 4 of Exhibit JRW-3. Also, please provide the components of the Bear Sterns Bond Price Index identifying the issuer of each bond, the credit quality of each bond, coupon rate of each bond, the term to maturity of each bond. The response should include both a hard copy and an electronic copy of the data.
7. Regarding the Direct Testimony of J. Randall Woolridge, page 13, lines 18-25. Please provide the individual data points for each value shown on page 5 of Exhibit JRW-3. For the Gas Distribution Company stocks please provide the components of the group and whether the stocks were market weighted or equally weighted. The response should include both a hard copy and an electric copy of all data.
8. Regarding the Direct Testimony of J. Randall Woolridge, page 14, line 20 and footnote (1), and page 53, line 1, and footnote (18). Please provide a copy of the "Why the Crisis Hasn't Shaken the Cost of Capital, *McKinsey Quarterly* (December 2008) article.
9. Regarding the Direct Testimony of J. Randall Woolridge, page 15, lines 13-25 and Exhibit JRW- 4. Please provide a complete copy of the AUS *Utility Reports* for July 2009.

10. Regarding the Direct Testimony of J. Randall Woolridge, page 15, lines 13-25 and Exhibit JRW-4. Please explain the elimination of NiSource from the proxy group.
11. Regarding the Direct Testimony of J. Randall Woolridge, page 15, lines 13-25 and page 2 of Exhibit JRW-4. Please provide a copy of the source documents from which all data were taken, (*i.e.*, AUS *Utility Reports* noted on page 2 of Exhibit JRW-4).
12. Regarding the Direct Testimony of J. Randall Woolridge, page 17, lines 4-10 and Exhibit JRW-5. Please provide the source documents from AUS *Utility Reports* (page 2 of Exhibit JRW-5) and the unidentified source (page 3 of Exhibit JRW-5).
13. Regarding the Direct Testimony of J. Randall Woolridge, page 20, line 4 and footnote (2). Please provide a complete copy of the document “The Ultimate Poison Pill: Closing the Value Gap,” *Commentary* (Spring 1988).
14. Regarding the Direct Testimony of J. Randall Woolridge, page 21, line 9 and footnote (3). Please provide a complete copy of the document “A Note on Value Drivers,” Harvard Business School, Case No. 9-297-082, April 7, 1997.
15. Regarding the Direct Testimony of J. Randall Woolridge, page 21, lines 19-25 and Exhibit JRW-6. For each of the graphs (*i.e.*, Electric Utilities, Gas Distribution Companies and Water Utilities), please provide the individual data points, the individual company data, and the source documents in both hard copy and electronically in their native format with all formulas intact.
16. Regarding the Direct Testimony of J. Randall Woolridge, page 21, lines 19-25. Please provide the regression statistics for the Electric Utilities, Gas Distribution Companies, and Water Companies. Further, please state the identities of the companies that comprise each group.
17. Regarding the Direct Testimony of J. Randall Woolridge, page 22, lines 6-11, and page 1 of Exhibit JRW- 7. Please provide the workpapers and source documents showing the data points for the yields on A-rated public utility bonds. These data should be in both hardcopy and electronic format.
18. Regarding the Direct Testimony of J. Randall Woolridge, page 22, lines 12-21 and pages 2 and 3 of Exhibit JRW- 7. Please provide the workpapers and source documents (including *Value Line Investment Survey*) showing the data points for the yearly “dividend yield,” “return on equity,” and “market-to-book ratios” for the Gas Proxy Group. Please state the identities of the companies in the Gas Proxy Group and whether the data were market-weighted or equal-weighted.
19. Regarding the Direct Testimony of J. Randall Woolridge, page 24, lines 4-13 and Exhibit JRW- 8. Please provide the names of the firms and individual betas for the gas distribution companies that have an average beta of 0.69.

20. Regarding the Direct Testimony of J. Randall Woolridge, page 26, lines 1-3. Please list each of the reasons why the CAPM provides a less reliable indication of the cost of equity for public utilities. Are these reasons unique to public utilities, or do they apply to all stocks? Please provide an explanation of each reason listed and provide copies of any empirical studies or other citations that support each reason.
21. Regarding the Direct Testimony of J. Randall Woolridge, page 27, lines 4-12 and Exhibit JRW-9. Please provide a copy of the entire chapter from the book *Investments* (Prentice-Hall, 1995) by Sharpe, Alexander, and Bailey, that contains the referenced description of the Three-Stage DCF Model (*i.e.*, pages 590-91).
22. Regarding the Direct Testimony of J. Randall Woolridge, page 30, lines 11-17 and page 2 of Exhibit JRW- 10. Please provide a complete copy of each source document AUS *Utility Reports* for the monthly dividend yields covering the period February 2009 through July 2009.
23. Regarding the Direct Testimony of J. Randall Woolridge, page 31, line 7 and footnote (6). Please provide a complete copy of the prefiled direct testimony of Myron J. Gordon and Lawrence I. Gould in *Petition for Modification of Prescribed Rate of Return*, Federal Communications Commission, Docket No. 79-05.
24. Regarding the Direct Testimony of J. Randall Woolridge, page 32, lines 11-20 and page 3 of Exhibit JRW-10. Please identify the source of each data item shown on page 3 of Exhibit JRW-7. Please state the date of the *Value Line* publication that was used by Dr. Woolridge for the items taken from *Value Line* in Exhibit JRW-10.
25. Regarding the Direct Testimony of J. Randall Woolridge, page 32, lines 11-20 and page 3 of Exhibit JRW-10. Please identify each data item that was obtained from “Mergent.” Please provide a copy of the “Mergent” source documents for each data point, and an electronic copy of workpapers if the data were independently calculated.
26. Regarding the Direct Testimony of J. Randall Woolridge, page 32, lines 11-20 and page 6 of Exhibit JRW- 10. Please provide a hard copy of the source documents from Yahoo! - First Call, Zacks, and Reuters for each growth rate forecast.
27. Regarding the Direct Testimony of J. Randall Woolridge, page 32, lines 11-20 and page 6 of Exhibit JRW- 10. Please state the number of securities analysts that contribute to each of the growth rates published by Yahoo! - First Call, Zacks, and Reuters for each of the individual companies.
28. Regarding the Direct Testimony of J. Randall Woolridge, page 32, lines 11-20 and page 6 of Exhibit JRW-10. Please list the number of “sell side” and “buy side” analysts that have contributed to each forecast of earnings growth compiled by Yahoo! - First Call, Zacks, and Reuters. Please provide a copy of the supporting data and source documents for the response.

29. Regarding the Direct Testimony of J. Randall Woolridge, page 35, lines 1-7. Please explain the analytical process employed to reach the conclusion that historical EPS growth is the most volatile. Specifically, does the level of the mean/median EPS growth compared to dividend growth indicate relative volatility?
30. Regarding the Direct Testimony of J. Randall Woolridge, page 40, lines 1-7 and page 2 of Exhibit JRW-11. Please provide in both hardcopy and electronic format the numerical values shown on the graph in Panel A.
31. Regarding the Direct Testimony of J. Randall Woolridge, page 40, lines 1-7 and page 2 of Exhibit JRW-11. Please provide the source documents for the yields associated with the 3-month, 6-month, 12-month, 2-year, 3-year, 5-year, 7-year, 10-year, and 30-year maturities as shown in Panel B.
32. Regarding the Direct Testimony of J. Randall Woolridge, page 43, line 4, and footnote (10). Please provide a copy of “The Equity Premium: A Puzzle,” *Journal of Monetary Economics* (1985).
33. Regarding the Direct Testimony of J. Randall Woolridge, page 43, line 10, and footnote (11). Please provide a copy of “Equity Risk Premium: Expectations Great and Small,” Working Paper (version 3.0), Automobile Insurers Bureau of Massachusetts, (August 28, 2003); “Equity Premium: Historical, Expected, Required, and Implied,” IESE Business School Working Paper (2007); and “The Equity Risk Premium: An Annotated Bibliography,” SFA Institute (2007).
34. Regarding the Direct Testimony of J. Randall Woolridge, page 44, lines 1-2, and page 5 of Exhibit JRW- 11. Please provide a copy of each of the source documents listed on page 5 of Exhibit JRW- 11 used to calculate the “Equity Risk Premium.” Those source documents should include:

Study Authors	Publication Date
Ibbotson	2009
Bate	2008
Shiller	2006
Damodoran	2006
Siegal	2005
Dimson, Marsh, and Staunton	2006
Goyal & Welch	2006
Claus Thomas	2001
Arnott and Benstein	2002
Constantinides	2002
Cornell	1999
Easton, Taylor, et al	2002
Fama French	2002
Harris & Marston	2001
Best & Byrne	2001
McKinsey	2002
Siegal	2005

Grabowski	2006
Maheu & McCurdy	2006
Bostock	2004
Bakshi & Chen	2005
Donaldson, Kamstra, & Kramer	2006
Campbell	2008
Best & Byrne	2001
Fernandez	2007
DeLong & Magin	2008
Damodoran	2009
Social Security - Office of Chief Actuary	Undated
John Campbell	2001
Peter Diamond	2001
John Shoven	2001
Survey of Financial Forecasters	2009
Duke - CFO Magazine Survey	2009
Welch - Academics	2008
Fernandez - Academics	2009
Ibbotson and Chen	2008
Woolridge	

35. Regarding the Direct Testimony of J. Randall Woolridge, page 44, lines 12 and footnote (12). Please provide a copy of “Long Run Returns: Participating in the Real Economy,” *Financial Analysts Journal* (January 2003).
36. Regarding the Direct Testimony of J. Randall Woolridge, page 45, line 1 and footnote (13), and page 4 of Exhibit JRW-11. Please provide a complete copy of “Expected Returns on Stocks and Bonds,” *Journal of Portfolio Management* (Winter 2003).
37. Regarding the Direct Testimony of J. Randall Woolridge, page 45, lines 17-19 and footnote (14), and page 8 of Exhibit JRW-11. Please provide a complete copy of the Federal Reserve Bank of Philadelphia’s *Survey of Professional Forecasters* (February 13, 2009).
38. Regarding the Direct Testimony of J. Randall Woolridge, page 46, lines 14-19. Please provide workpapers, in both hardcopy and electronic format, and source documents regarding the dividend yield for the S&P 500, which shows the 4.3% yield over the period 1926-2000, 1.4% in 2000 and 2.35% currently. Please provide the dividend amount and price for each year in the series.
39. Regarding the Direct Testimony of J. Randall Woolridge, page 47, lines 1-3 and page 11 of Exhibit JRW-11. Please provide the source documents for the S&P EPS and annual inflation rates for each of the years 1960 through 2008.
40. Regarding the Direct Testimony of J. Randall Woolridge, page 47, line 6, and footnote (15), and page 52, line 21, and footnote (17). Please provide a copy of the source document “The Real Cost of Equity,” *McKinsey on Finance* (Autumn 2002).
41. Regarding the Direct Testimony of J. Randall Woolridge, page 47, lines 10-20 and page 10 of Exhibit JRW-11. Please provide the workpapers and source documents showing the data points for the S&P 500 Dividend Yields and the S&P 500 PE Ratios shown on page

10 of Exhibit JRW-11. These data should be in both hardcopy and electronic format with all formulas intact.

42. Regarding the Direct Testimony of J. Randall Woolridge, page 47, line 20. Please provide the numerical components of the 134.01 P/E ratio at June 30, 2009. Please include the index value for the earnings, price, and data source for each variable shown on page 10 of Exhibit JRW-11.
43. Regarding the Direct Testimony of J. Randall Woolridge, page 49, lines 16-19. Please provide a complete copy of the Graham and Harvey survey from June 2009 issue of *CFO Magazine*.
44. Regarding the Direct Testimony of J. Randall Woolridge, page 63, line 12 and footnote (20). Please provide a copy of the source document, "The N-Stage Discount Model and Required Return: A Comment," *Financial Review* (February 1992), pp 141-9.
45. Regarding the Direct Testimony of J. Randall Woolridge, page 1 of Exhibit JRW-13. Please provide a copy of the source document *Value Line Investment Survey*.
46. Regarding the Direct Testimony of J. Randall Woolridge, page 65, lines 7-19 and page 2 of Exhibit JRW-13. Please provide the individual data points, both in hardcopy and electronic format, shown on the graph in Panels A and B for the actual and forecasted EPS Growth Rates provided on page 2 of Exhibit JRW-13. In addition, please provide a copy of the data source, including data for each company showing the forecast earnings per share and the actual earnings per share.
47. Regarding the Direct Testimony of J. Randall Woolridge, page 65, lines 7-19, and page 2 of Exhibit JRW-13. Please provide a copy of the source document "The Accuracy of Analysts' Long-Term Earnings per Share Growth Rate Forecasts" (July 2008).
48. Regarding the Direct Testimony of J. Randall Woolridge, page 66, lines 14-23. Please provide the individual data items, both in hardcopy and electronic format, for the projected growth rate in the 14.5% - 17.5% range, 23.3% in the fourth quarter of the year 2000, and 15.0% range for the undefined period indicated on line 2 of page 67.
49. Regarding the Direct Testimony of J. Randall Woolridge, page 68, line 8 and footnote (21). Please provide a copy of the source document "Analysts Still Coming Up Rosy-Over-Optimism on Growth Rates is Rampant – and the Estimates Help to Busy the Market's Valuation," *Wall Street Journal* (January 27, 2003).
50. Regarding the Direct Testimony of J. Randall Woolridge, page 68, lines 20-27 and page 4 of Exhibit JRW-13. Please provide the data points and source documents (including IBES) for the Analysts' Forecasted 3-5 Year Forecasted Versus Actual EPS Growth Rates shown on the graph. Specifically, identify each of the companies included in the tabulation and the years covered by the tabulation.

51. Regarding the Direct Testimony of J. Randall Woolridge, Exhibit JRW-14. Please provide the data points and a copy of the source document *SBBI Yearbook*, Morningstar (2009).
52. Regarding the Direct Testimony of J. Randall Woolridge, page 78, line 18 and footnote (22). Please provide a copy of the source document “Risk and Return on Equity: The Use and Misuse of Historical Estimates,” *Financial Analysts Journal* (January – February 1985).
53. Regarding the Direct Testimony of J. Randall Woolridge, page 81, line 5 and footnote (24). Please provide a copy of the source document “On Computing Mean Returns and the Small Firm Premium,” *Journal of Financial Economics* (1983).
54. Regarding the Direct Testimony of J. Randall Woolridge, page 85, line 20 and footnote (25). Please provide a copy of the source document “The Biggest Mistakes We Teach,” *Journal of Financial Research* (Summer 2002).
55. Regarding the Direct Testimony of J. Randall Woolridge, page 89, lines 1-12 and page 1 of Exhibit JRW-15. Please provide an electronic copy of the data points shown on the graph.
56. Regarding the Direct Testimony of J. Randall Woolridge, page 89, lines 1-12 and page 2 of Exhibit JRW-15. Please provide an electronic copy of the data points shown on the graph.
57. Regarding the Direct Testimony of J. Randall Woolridge, page 89, lines 1-12 and page 3 of Exhibit JRW-15. Please provide an electronic copy of the data points shown on the graph.
58. Regarding the Direct Testimony of J. Randall Woolridge, page 89, lines 19-20. Please provide a copy of the source document *Value Line Investment Analyzer* (July 2, 2009).
59. Regarding the Direct Testimony of J. Randall Woolridge, page 89, line 25. Please provide a list of the 749 companies that do not pay a dividend.
60. Regarding the Direct Testimony of J. Randall Woolridge, page 90, line 3. Please provide a list in electronic format of the 1700 companies and the median dividend yield is 0.61%.
61. Regarding the Direct Testimony of J. Randall Woolridge, page 94, line 14 and footnote (26). Please provide a complete copy of the “Utility Stocks and the Size Effect: An Empirical Analysis” *Journal of the Midwest Finance Association* (1993).

Data Requests relating to the Testimony of Mr. Henkes:

62. Regarding the Direct Testimony of Robert Henkes, page 15, lines 16-21. Please explain why Mr. Henkes added the Company's proposed Residential Late Payment Penalty revenue of \$265,020 to the pro forma test year operating revenue at the current rates instead of the operating revenue at the proposed rates as Mr. Watkins recommended in his testimony on page 23, line 7.
63. Regarding the Direct Testimony of Robert Henkes, page 15, lines 16-21. Please explain why Mr. Henkes added one-half of the Company's proposed Reconnection Charge revenue of \$72,923 to the pro forma test year operating revenue at current rates instead of the operating revenue at proposed rates as Mr. Watkins recommended in his testimony on page 23, line 7.
64. Regarding the Direct Testimony of Robert Henkes, page 16, lines 1-17. Please provide any analysis or study relied upon by Mr. Henkes which indicates that a 25-year weather normalization period is a better predictor of weather than a 20-year weather normalization period.
65. Regarding the Direct Testimony of Robert Henkes, page 18, lines 2-8. Mr. Henkes adjusts net margin revenues using a 25-year weather normalization period instead of the Company's 20 year-normalization period.
 - a. Why weren't gas cost revenue and expenses also adjusted to reflect increased test year volumes?
 - b. Why wasn't the uncollectible account expense also adjusted to reflect higher expense related to a higher margin and gas cost revenues?
66. Does Mr. Henkes contend that storage gas provides a source of funds in months in which the storage balance is negative? Please explain your response.
 - a. Does Mr. Henkes agree that gas can remain in storage in months during which the storage balance may be negative?
67. Regarding the Direct Testimony of Robert Henkes, page 38, lines 21-22, page 39, lines 1-5. Please explain how the corrections identified in AG-1-60(2) and AG-1-60(5), incorporated into Mr. Henkes' adjustment to Columbia's test year depreciation expense, are reflected in Mr. Henkes' Schedule RJH-13.
68. Regarding the Direct Testimony of Robert Henkes, page 50, lines 2-13. Please provide a copy of any analysis or studies relied upon by Mr. Henkes in reaching his conclusion that "the use of reconcilable surcharges or adjustment clauses to provide a utility with extraordinary rate relief have been limited to costs of service that have a significant financial impact such as fuel adjustment clauses and gas cost recovery clauses."

Data Requests relating to the Testimony of Mr. Watkins:

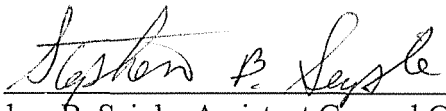
69. Please provide a description of Mr. Watkins' natural gas distribution system operations, maintenance, and engineering experience.
70. Please provide copies of Mr. Watkins' testimony in the last five general rate case proceedings in which Mr. Watkins supported Allocated Cost of Service Studies.
 - a. Of the last two Allocated Cost of Service Studies Mr. Watkins supported in a general rate case proceeding, please provide all exhibits, schedules, and data in Microsoft Excel format.
71. Regarding the Direct Testimony of Glenn A. Watkins, page 14, lines 3-14. Please provide a list of jurisdictions of which Mr. Watkins is aware where the peak and average peak methodology has been accepted as the basis for revenue allocation.
72. Regarding the Direct Testimony of Glenn A. Watkins, page 14, lines 14-17. Please provide any public utility precedent of which Mr. Watkins is aware for allocating Mains costs using the Peak and Average method in which equal weight is given to annual throughput and design day peak demand, and which the class contributions to peak demand exclude interruptible load.
73. Regarding the Direct Testimony of Glenn A. Watkins, page 16, lines 8-20. Please provide all analyses, studies, memoranda, and other material supporting that Meter Reading expense (Account 902) and Records and Collections expense (Account 903) for IUS, DS-ML/SC, or DS/IS customer is weighed 30 times (365/12) more than the cost of GS-Res or GS-Other customer?
74. Regarding the Direct Testimony of Glenn A. Watkins, Schedule GAW 5. Please explain why Mr. Watkins did not include in the Determination of Customer Costs in Schedule GAW 5 the Customer Account numbers 901, 905, and 921, Customer Service and Information Account numbers 907, 908, 909, 910, 920, 921, 931, and 935, and Sales Account numbers 911, 913, 916, and 921, which Mr. Watkins allocated to the rate classes on the customer ratio in Schedule GAW 2.
75. Regarding the Direct Testimony of Glenn A. Watkins, Schedule GAW 5. Please explain why Mr. Watkins added \$820,368 of Telemetry plan to the total Gross Plant of \$88,030,020.
76. Regarding the Direct Testimony of Glenn A. Watkins, page 19, lines 10-18. Please provide all analyses, studies, memoranda, and other materials supporting the percentage increases to all classes except for the GS-Res class.
77. Regarding the Direct Testimony of Glenn A. Watkins, page 22, lines 14-16. Please explain and provide all analyses, studies, memoranda and other materials supporting the ten percentage point increase to all classes except GS-Res if the SFV rate design is accepted.

78. Regarding the Direct Testimony of Glenn A. Watkins, page 25, lines 1-11. Please provide a table showing the portion of revenue for each company used in Schedule GAW 3, in each year, collected on a per unit volumetric rate.
79. Regarding the Direct Testimony of Glenn A. Watkins, page 25, lines 17-18. Please provide all analyses, studies, memoranda, or other material supporting Mr. Watkins' conclusion that high earnings were largely a result of cost savings from technological advances, economies of scale due to mergers, and customer growth.
80. Regarding the Direct Testimony of Glenn A. Watkins, page 26, footnote 7. Please provide a copy of the page 141 of James C. Bonbright, *et al.*, Principles of Public Utility Rates (2d ed. 1998).
81. Regarding the Direct Testimony of Glenn A. Watkins, page 26, lines 11-13. Please provide the source and a copy of the source supporting Mr. Watkins' statement, "Economic theory tells us that efficient price signals result when prices are equal to long-run marginal costs. It is well known that in the long-run all costs are variable and, hence, efficient pricing results from the incremental variability of costs even though a firm's short-run cost structure may include a high level of sunk or 'fixed' costs or be reflective of excess capacity."
82. Regarding the Direct Testimony of Glenn A. Watkins, page 27, lines 5-6. Please provide the source and a copy of the source supporting Mr. Watkins' statement, "it is generally agreed that payments for a good or service should be in accordance with the benefits received."
83. Regarding the Direct Testimony of Glenn A. Watkins, page 27, lines 11-12. Please provide the source and a copy of the source supporting Mr. Watkins' statement, "The above philosophy is, and has been, the belief of economists, regulators, and the marketplace for many years."
84. Regarding the Direct Testimony of Glenn A. Watkins, page 27, lines 12-18. Please provide the source and a copy of the source supporting Mr. Watkins' illustration regarding the history of utility industry pricing.
85. Regarding the Direct Testimony of Glenn A. Watkins, page 27, lines 21-23. Please provide the source and a copy of the source supporting Mr. Watkins' statement concerning the volumetric rates of the previously regulated industries.
86. Regarding the Direct Testimony of Glenn A. Watkins, page 31, lines 1-2. Please provide all analyses, studies, memoranda, or other material supporting the statement that customers' price of incremental consumption is de minimis.
87. Regarding the Direct Testimony of Glenn A. Watkins, page 41, lines 18-21. Please provide all analyses, studies, memoranda or other materials that support his conclusion that

“Annual reviews by commission staffs frankly do not receive the level of critical scrutiny received under a general rate case and often become rubber stamp rates.”

Dated at Columbus, Ohio, this 12th day of August 2009.

Respectfully submitted,
COLUMBIA GAS OF KENTUCKY, INC.

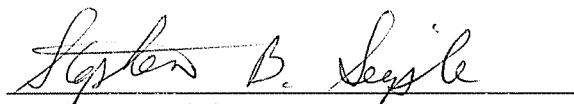
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Data Requests of Columbia Gas of Kentucky, Inc., were served upon all parties of record by regular U. S. mail this 12th day of August, 2009.



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