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August 24, 2009

Docket Clerk
Public Service Commission
211 Sowetr Boulevard
Frankfort, Kentucky 40601

Dear Docket Clerk:

Please find enclosed for docketing the original and ten (10) copies of AARP's Response to First Set of Data Requests From Columbia Gas of Kentucky, Inc. All parties of record have been served. Due to the size of the filing, it is being shipped via UPS in two envelopes.

Thanks very much.

Cordially,

A handwritten signature in black ink, appearing to read "Tom Fitzgerald", with a long horizontal flourish extending to the right.

Tom Fitzgerald
Counsel for AARP

CERTIFICATE OF SERVICE

I hereby certify that a copy of the AARP's Response to Data Requests of Columbia Gas of Kentucky, Inc., was served upon all parties of record by Priority U. S. mail this 24th day of August, 2009.



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PSC Case No. 2009-00141
CGK Set 1 DR No. 001
Respondent: Nancy Brockway

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 001:

Regarding the Direct Testimony of Nancy Brockway, page 5, lines 19-25. Please provide all studies, memoranda, data or other material regarding gas usage of customers age 65 or older utilized by Ms. Brockway to support her testimony.

Response:

See attached Spreadsheet, Table 1, RECS natural gas 2001; Spreadsheet – Elder / non-Elder, ESC 2005.

Urban	58.4	45.8	120.3	92	35	72.1	27	891	0.34	698	261
Central City	30.0	22.2	55.7	92	37	67.8	25	890	0.35	658	246
Suburban	28.4	23.6	64.6	92	34	76.6	29	891	0.33	740	277
Rural	8.5	8.0	16.9	79	38	74.4	30	773	0.37	728	292
Urban/Rural Location (1)											
City	37.4	27.9	67.1	90	37	67.1	26	872	0.36	651	248
Town	11.2	9.5	23.1	91	38	77.6	29	873	0.36	740	280
Suburbs	14.4	12.6	37.4	91	31	80.2	29	903	0.30	792	287
Rural or Open Country	3.9	3.8	9.5	83	33	79.0	32	782	0.31	749	307
Climate Zone (2)											
Fewer than 2,000 CDD and--											
More than 7,000 HDD	4.9	4.3	11.7	99	37	87.0	35	828	0.31	728	294
5,500 to 7,000 HDD	21.2	16.8	48.3	119	41	94.0	37	1,079	0.38	856	335
4,000 to 5,499 HDD	14.9	10.6	29.4	102	37	72.8	29	1,053	0.38	751	298
Fewer than 4,000 HDD	13.8	11.2	26.0	66	28	53.1	18	727	0.31	588	199
2,000 CDD or More and--											
Fewer than 4,000 HDD	12.1	10.9	21.8	56	28	50.0	19	546	0.27	490	182
Type and Ownership of Housing Unit											
Single-Family Detached	40.5	40.5	99.1	82	33	81.8	29	782	0.32	782	279
Owned	35.5	35.5	90.8	83	32	82.8	30	789	0.31	789	287
Rented	4.9	4.9	8.3	75	45	75.1	24	728	0.43	728	231
Single-Family Attached	8.0	8.0	18.0	83	37	83.1	29	800	0.35	800	284
Owned	5.6	5.6	14.3	89	35	89.2	33	844	0.33	844	312
Rented	2.4	2.4	3.8	69	44	69.0	22	697	0.44	697	226
Multifamily											
2 to 4 Units	6.2	2.3	9.4	198	47	71.7	30	2,080	0.50	754	315
Owned	1.3	0.5	2.9	234	37	86.0	34	2,550	0.41	937	372
Rented	5.0	1.8	6.5	188	52	68.0	29	1,956	0.54	706	300
5 or More Units	9.9	0.8	8.1	366	35	28.4	13	3,859	0.37	300	141
Owned	0.9	0.1	0.9	359	25	24.7	13	3,726	0.26	256	136
Rented	9.0	0.7	7.3	366	36	28.8	13	3,870	0.38	304	141
Mobile Homes	2.3	2.3	2.5	60	57	60.1	26	546	0.51	546	236

Owned	2.0	2.0	2.2	60	55	60.3	27	551	0.50	551	244
Rented	0.3	0.3	0.3	59	70	59.2	23	511	0.60	511	197
Total Floorspace											
(Square Feet)											
Fewer than 500	2.3	0.6	0.9	105	68	26.5	13	1,164	0.75	293	148
500 to 999	12.7	6.1	9.8	89	56	43.1	20	898	0.56	434	202
1,000 to 1,499	13.1	10.2	16.2	77	48	60.0	23	771	0.48	598	229
1,500 to 1,999	11.0	10.2	19.1	76	41	71.2	27	743	0.40	693	259
2,000 to 2,499	9.1	8.6	20.3	85	36	80.1	29	821	0.35	777	284
2,500 to 2,999	6.2	5.9	17.0	97	34	92.3	33	933	0.32	883	315
3,000 to 3,499	4.2	4.1	13.7	102	30	97.4	30	955	0.28	917	287
3,500 to 3,999	2.7	2.6	9.9	110	29	106.2	32	1,004	0.26	974	297
4,000 or More	5.6	5.5	30.3	121	22	119.0	39	1,138	0.21	1,124	369
Total Number of Rooms											
1	1.6	0.3	0.8	146	49	24.7	13	1,486	0.50	252	128
2	5.4	1.4	4.0	117	41	30.5	18	1,224	0.43	320	188
3	11.3	6.7	13.3	88	44	51.7	24	890	0.45	525	248
4	13.7	11.5	22.7	81	41	67.2	26	782	0.39	652	255
5	14.0	13.3	30.1	82	36	77.3	27	799	0.35	756	268
6	9.1	9.0	24.1	86	32	85.4	28	830	0.31	822	274
7	6.4	6.4	19.4	101	33	100.1	32	946	0.31	937	296
8 or More	5.4	5.4	22.8	118	28	116.9	34	1,093	0.26	1,087	315
Ownership of Unit											
Owned	45.3	43.6	111.1	85	33	81.6	30	809	0.32	780	289
Rented	21.7	10.2	26.1	113	44	53.2	21	1,150	0.45	539	213
Year of Construction											
1939 or Before	14.3	10.4	28.6	122	44	88.8	35	1,188	0.43	862	344
1940 to 1949	5.7	4.7	10.2	89	41	73.1	27	897	0.41	733	267
1950 to 1959	10.3	8.7	20.3	87	37	72.9	29	823	0.35	692	272
2001 Household Income											
Less than \$10,000	6.8	3.8	7.9	99	47	55.8	27	982	0.47	555	274
\$10,000 to \$14,999	4.4	3.1	5.9	83	43	58.2	26	815	0.43	573	251
\$15,000 to \$19,999	5.2	3.8	8.2	92	43	67.4	29	880	0.41	646	276

\$20,000 to \$29,999	8.6	6.7	13.6	87	43	67.3	28	852	0.42	658	279
\$30,000 to \$39,999	8.4	6.7	14.5	84	39	67.2	25	800	0.37	641	241
\$40,000 to \$49,999	8.0	6.7	16.7	87	35	72.6	26	851	0.34	714	255
\$50,000 to \$74,999	13.9	12.2	33.6	87	32	76.3	26	836	0.30	732	248
\$75,000 to \$99,999	5.4	5.0	14.8	93	32	86.6	29	882	0.30	823	277
\$100,000 or More	6.2	5.7	21.9	105	28	97.3	32	1,034	0.27	954	312
Below Poverty Line											
100 Percent	9.3	5.6	11.4	96	47	57.9	21	948	0.46	571	209
125 Percent	12.2	7.8	16.1	97	47	61.7	21	945	0.46	601	205
150 Percent	15.8	10.4	21.5	95	46	62.5	22	919	0.44	606	217
Eligible for Federal Assistance (4)	20.7	14.1	30.4	96	45	65.5	23	932	0.43	636	227
Age of Householder											
Under 25 Years	3.4	1.7	3.9	103	46	51.5	19	1,018	0.45	508	189
25 to 34 Years	10.7	8.1	18.9	85	37	64.4	21	825	0.35	623	202
35 to 44 Years	14.5	11.9	31.5	93	35	76.0	22	894	0.34	731	216
45 to 59 Years	18.3	15.8	42.8	90	33	77.8	29	859	0.32	744	279
60 Years and Over	18.2	14.9	36.4	90	37	73.8	41	887	0.36	727	407
Race of Householder											
Non-Hispanic	59.5	48.8	126.6	92	35	75.1	30	885	0.34	726	285
Non-Hispanic White	46.6	39.3	101.6	89	34	75.0	31	853	0.33	719	295
Non-Hispanic Black	9.2	6.9	18.2	113	43	84.9	31	1,110	0.42	836	304
Multi-racial (5)	0.5	0.4	0.8	81	40	58.3	23	824	0.41	593	233
Other (6)	3.2	2.2	6.1	76	27	52.5	15	771	0.27	535	151
Hispanic	7.5	5.0	10.5	75	36	50.3	15	754	0.36	506	147
Householder of Hispanic Descent											
Yes	7.4	5.0	10.4	75	36	50.0	15	752	0.36	503	146
No	59.5	48.8	126.8	92	35	75.2	30	885	0.34	727	285
Household Size											
1 Person	16.6	11.4	24.7	82	38	56.5	56	823	0.38	564	564

2 Persons	21.7	17.9	46.0	88	34	73.0	37	858	0.33	709	354
3 Persons	10.4	8.6	23.1	93	35	77.3	26	904	0.34	750	250
4 Persons	10.4	9.1	25.1	91	33	79.4	20	862	0.31	755	189
5 Persons	4.9	4.1	11.4	103	37	87.4	17	981	0.35	832	166
6 or More Persons	3.0	2.7	6.8	101	40	90.3	13	957	0.38	855	128
Number of Stories											
Single-Family Homes	48.5	48.5	117.2	82	34	82.0	29	785	0.32	785	280
1 Story	27.2	27.2	52.9	68	35	68.5	26	663	0.34	663	253
2 Stories	18.8	18.8	56.7	98	33	98.2	32	931	0.31	931	307
3 Stories	1.3	1.3	4.6	120	35	119.8	38	1,177	0.34	1,177	370
Split-Level	1.1	1.1	2.9	97	36	96.7	35	828	0.30	828	295
Other	Q	Q	Q	81	60	80.6	20	751	0.56	751	188
Mobile Homes	2.3	2.3	2.5	60	57	60.1	26	546	0.51	546	236
Number of Floors in Apartment Buildings											
1 or 2 Floors	4.6	0.4	3.9	296	33	28.4	13	3,066	0.34	294	131
3 or 4 Floors	3.0	0.3	2.4	393	42	33.4	16	4,066	0.43	345	166
5 to 10 Floors	1.7	0.1	1.3	624	29	22.1	11	7,448	0.34	263	126
11 to 20 Floors	0.6	(*)	0.4	681	29	21.0	13	6,833	0.29	211	133
Number of Units in Apartment Buildings											
2 to 4 Units	6.2	2.3	9.4	198	47	71.7	30	2,080	0.50	754	315
5 to 10 Units	3.5	0.5	3.1	242	39	34.9	17	2,516	0.41	363	175
11 to 20 Units	2.2	0.2	1.8	376	33	27.5	11	4,065	0.36	297	119
21 to 50 Units	1.5	(*)	1.2	688	26	20.0	10	7,467	0.28	217	106
51 Units or More	1.8	(*)	1.3	2,112	30	22.3	12	20,972	0.30	222	118
No Answer	0.7	(*)	0.4	480 (7)	45	30.0	14	5,343 (7)	0.50	334	157
Not Applicable	50.8	50.8	119.6	81	34	81.0	29	774	0.33	774	278
(1) Based on the household respondent's description rather than the Federal Government definition.											
(2) One of five climatically distinct areas, determined according to the 30-year average (1961-1990) of the annual heating and cooling degree-days. For this report, the heating or cooling degree-days are a measure of how cold or how hot a location is over a period of one year, relative to a base temperature of 65 degrees Fahrenheit. A household is assigned to a climate zone according to the 30-year average annual degree-days for an appropriate nearby weather station											

(3) New construction for 2001 includes only those housing units built and occupied between January and the April-August period when the household interviews were conducted.
(4) Below 150 percent of poverty line or 60 percent of median State income.
(5) Respondents could select one or more race categories to describe themselves
(6) Includes Native American, Native Alaskan, and Pacific Islander households
(7) For these buildings we assumed 16 units, the median value of the reported cases
(*) = Value rounds to zero in the units displayed.
Notes. • Because of rounding, data may not sum to totals.
Source: Energy Information Administration, Office of Energy Markets and End Use, Forms EIA-457 A, B, C of the 2001 Residential Energy Consumption Survey.

Cross-tabs provided by John Howat, NCLC						
		East South Central Region				
2005 RECs: Annual Gas Usage by Elder/Non-Elder* Households						
	Among Hhlds that Heat with Natural Gas					
			mmBTU	Mcf		
		Elder	65.72	67.75		
		Non-Elder	67.72	69.81		
	* For elder households, householder age is 65 years or greater					
	For non-elder households, householder age is under 65 years					

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 002:

Regarding the Direct Testimony of Nancy Brockway, page 5. Please provide all studies, memoranda, data or other material regarding consumers age 65 or older membership in the low-income customer class of natural gas utilities utilized by Ms. Brockway to support her testimony.

Response:

Ms. Brockway does not understand the question.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

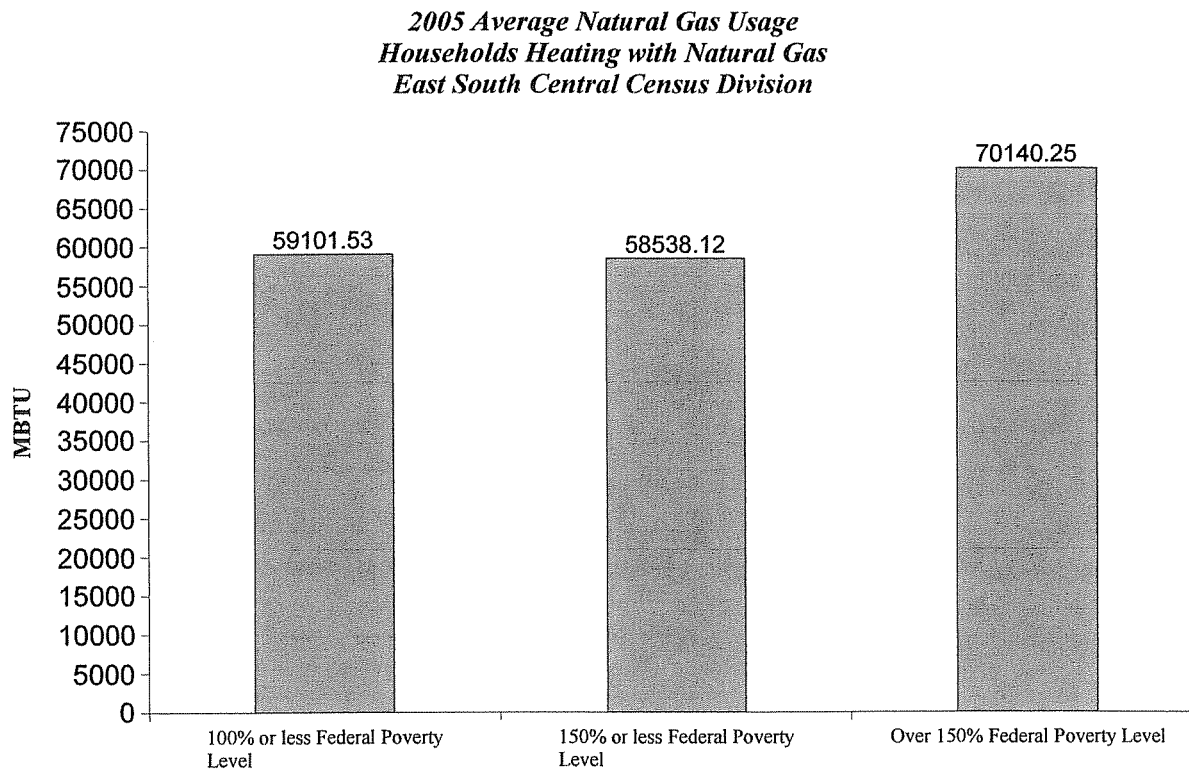
Data Request 003:

Regarding the Direct Testimony of Nancy Brockway, page 6-7. Please provide the raw data and written report, memoranda and other material from the Residential Energy and Consumption Survey for 2005 performed by John Howat of the National Consumer Law Center for Kentucky.

Response:

See below Spreadsheet, 05 NG_Usage_by_Poor_100_Poor_150_Non-Poor_ESC_Census

Division.



**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 004:

Regarding the Direct Testimony of Nancy Brockway, page 6, lines 19-21. Please provide the studies, memoranda, data or other material which support Ms. Brockway's statement regarding Columbia's customers having usage below the level needed to benefit from the proposed SFV rate design.

Response:

See the Company's bill frequency analysis, and Exhibit NB-3

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 005:

Regarding the Direct Testimony of Nancy Brockway, page 7, lines 14-16. Please provide all studies, memoranda, data or other material supporting Ms. Brockway's statement regarding gas usage of low-income customers as compared to non-low-income customers.

Response:

See answers to data requests 1 and 3.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 006:

Regarding the Direct Testimony of Nancy Brockway, page 7, lines 30-32, page 8, lines 1-5. Please provide the raw data and written report, memoranda and other material from the most recent federal Residential Energy and Consumption Survey performed by John Howat of the National Consumer Law Center, including the data which concludes that low income customers use less gas than other customers.

Response:

See answer to data request 3.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 007:

Regarding the Direct Testimony of Nancy Brockway, page 8, lines 3-5. Please explain how Columbia's residential customers who receive LIHEAP assistance likely have disproportionately higher usage than the low-income customers' average usage. Please include any and all studies, memoranda, data or other material relied upon in that assessment.

Response:

See Ms. Brockway's direct testimony at p. 8, lines 3-5. Ms. Brockway's answer is based on 30 years of experience working with payment-troubled low-income customers and the LIHEAP program.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 008:

Regarding the Direct Testimony of Nancy Brockway, page 8, line 28. Please provide all studies, memoranda, data or other material supporting Ms. Brockway's opinion regarding the gas cost savings under Columbia's proposed DSM program.

Response:

See Ms. Brockway's discussion of the reasons that the Company's DSM programs as proposed are unlikely to produce significant gas savings. The programs will leave a number of market imperfections and market barriers in place, thus failing to overcome all the barriers that impede most customers' uptake of efficiency, and thus failing to achieve the hoped-for savings. For a discussion of market imperfections and market barriers that impede customer uptake of efficiency measures available in the market place, see, e.g., ACEEE, *Quantifying the Effects of Market Failures in the End-Use of Energy*, a paper for the IEA, available at www.aceee.org/pubs/e071.htm. For confirmation that education-only programs are not evaluated for savings (because any savings cannot confidently be attributed to such educational efforts), see *Model Energy Efficiency Program Impact Evaluation Guide*, November 2007, a resource published by the National Action Plan for Energy Efficiency, and available at www.epa.gov/cleanenergy/documents/evaluationguide.pdf, especially Appendix C-6.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 009:

Regarding the Direct Testimony of Nancy Brockway, page 8, lines 31-33. Please describe how the replacement of inefficient appliances with high-efficiency appliances will not reduce gas usage of customers in the proposed DSM programs.

Response:

Ms. Brockway does not testify that replacement of inefficient appliances with high-efficiency appliances would not reduce gas usage.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0010:

Regarding the Direct Testimony of Nancy Brockway, page 11-12. Please provide all studies, memoranda, data or other material relied upon regarding the recovery of fixed costs for the following service industries: hairdressing, purchasing of propane gas, legal services, accounting services, and retail stores.

Response:

Ms. Brockway's testimony regarding recovery of fixed costs in such service industries is based on 40 years of experience participating in and observing such transactions, as well as review of literature on the subject of rate design and pricing.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0011:

Regarding the Direct Testimony of Nancy Brockway, page 12, lines 8-14. What does Ms. Brockway believe would be an appropriate time frame in which to gradually introduce a new rate design?

Response:

The time frame for introducing a new rate design depends on the rate design being proposed, in light of the impact of the timing on the achievement of the goals of ratemaking.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0012:

Regarding the Direct Testimony of Nancy Brockway, pages 12-13. Please provide any historical data, forecasts or projections regarding gas usage for the Columbia Gas of Kentucky service territory, Kentucky or the East South Central Census region relied upon to determine that gas usage reductions have bottomed out.

Response:

Ms. Brockway's suggestion that gas usage reductions have bottomed out is based on her understanding of the bases for existing forecasts of usage, and of the bases of historical reductions in usage.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0013:

Regarding the Direct Testimony of Nancy Brockway, page 13, lines 17-20. Please explain and provide any studies, memoranda, data and other material relating thereto, how the standard of reasonable rates can be met if a utility remains at risk for usage reductions.

Response:

Utilities since the beginning of regulation have been at risk for usage reductions. Regulation does not offer a guarantee that the Company will earn its allowed return, but only a reasonable opportunity to earn such a return.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0014:

Regarding the Direct Testimony of Nancy Brockway, page 13, lines 20-21. Please provide all studies, memoranda, data or other material to support Ms. Brockway's statement regarding the rise of coal and electricity prices in Kentucky.

Response:

Ms. Brockway's opinion about possible coal and electricity price increases in Kentucky is based on her understanding of the coal markets and of their impact on electricity pricing, and on her observation of recent trends in such markets.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0015:

Regarding the Direct Testimony of Nancy Brockway, page 14, lines 24-28. Please provide all studies, memoranda, data or other material to support Ms. Brockway's conclusion that the SFV proposal will both virtually guarantee Columbia's allowed rate of return and shift the risk of over earning onto customers.

Response:

A virtual guarantee of earning a particular return is a reduction in risk from the fundamental premise of ratemaking, that a utility is entitled to a reasonable opportunity to earn a just and reasonable return. The reduction in the company's risk creates an equivalent increase in customer risk.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0016:

Regarding the Direct Testimony of Nancy Brockway, pages 14-15. Please provide all expert testimony presented by Ms. Brockway in previous public utility commission proceedings related to the cost of equity determination for a regulated utility company.

Response:

Ms. Brockway has not sponsored testimony proposing a particular cost of equity for a public utility. Ms. Brockway has frequently testified concerning the relationship between risk and reward in utility ratemaking.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0017:

Regarding the Direct Testimony of Nancy Brockway, page 15, lines 25-27. Please provide all studies, memoranda, data or other material relied upon regarding reasons customers do not pay their gas bills.

a. If the information relied upon is the Public Service Lifestyle Survey from 1983, contained in Exhibit NB-6, pages 3-4, please provide any more recent studies, memoranda, data or other material that Ms. Brockway relied upon regarding reasons customers do not pay their gas bills.

Response:

A recent study confirming, among other things, the relationships between ability to pay and bill payment patterns, is the following:

John Shingler, *Long Term Study of Low Income Usage Reduction Program: Results of Analysis and Discussion*, January 2009, Penn State University, available at:

http://www.puc.state.pa.us/General/publications_reports/pdf/PSU-LIURP_Report2008.pdf

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0018:

Regarding the Direct Testimony of Nancy Brockway, page 16, lines 6-13. Please provide a copy of each utility's survey which are alleged to have concluded that few non-paying customers actually had the money to pay their gas bill.

Response:

Ms. Brockway does not possess the actual surveys. In addition to the survey conducted by Wisconsin Public Service Company, Ms. Brockway has reviewed survey results from a consortium of natural gas utilities in Washington State, and Baltimore Gas & Electric, all in roughly the same time period. Ms. Brockway does not have copies of these survey results.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0019:

Regarding the Direct Testimony of Nancy Brockway, page 16, lines 20-21. Please provide a copy of the raw data of Exhibit NB-6, Ron Grosse, *Win-Win Alternatives for Credit and Collections*.

Response:

Ms. Brockway does not have the raw data from which the results reported in Mr. Grosse's paper were derived.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0020:

Regarding the Direct Testimony of Nancy Brockway, page 17, lines 14-21. Please explain how the Wisconsin Public Service funded and recovered the cost of the Early Intervention Program.

Response:

Ms. Brockway does not know specifically how Wisconsin Public Service Company funded and recovered the cost of its Early Intervention Program, except that the costs of the program were included in the utility's cost of service.

**AARP RESPONSE TO FIRST DATA REQUEST OF COLUMBIA GAS OF KENTUCKY
(CGK)**

Data Request 0021:

Regarding the Direct Testimony of Nancy Brockway, page 20, lines 17-19. Please provide any studies, memoranda, data and other material concluding that weakening the incentive to manage commodity-related uncollectible expenses can lead to less effective collections and customer relations.

Response:

The observation that weakening the incentive to manage commodity-related uncollectible expenses can lead to less effective collections and customer relations is based on the underlying logic of public utility ratemaking, which in turn is based on observations of human nature and responses to differential risk and rewards for different behaviors.