

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 25 2009

PUBLIC SERVICE  
COMMISSION

In the Matter of:

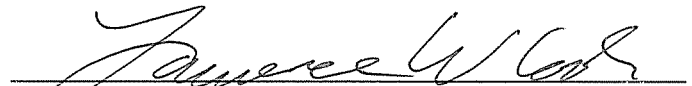
APPLICATION OF COLUMBIA GAS OF )  
KENTUCKY, INC. FOR AN ADJUSTMENT ) Case No. 2009-00141  
OF RATES FOR GAS SERVICE )

ATTORNEY GENERAL'S SUPPLEMENTAL RESPONSES TO DISCOVERY  
REQUESTS OF COLUMBIA GAS OF KENTUCKY, INC.

Comes now the Attorney General of the Commonwealth of Kentucky, by  
and through his Office of Rate Intervention, and states as follows for his  
supplemental responses to the discovery requests of Columbia Gas of Kentucky,  
Inc.

Respectfully submitted,

JACK CONWAY  
ATTORNEY GENERAL



DENNIS G. HOWARD, II  
LAWRENCE W. COOK  
PAUL D. ADAMS  
ASSISTANT ATTORNEYS GENERAL  
1024 CAPITAL CENTER DRIVE,  
SUITE 200  
FRANKFORT KY 40601-8204  
(502) 696-5453  
FAX: (502) 573-8315

*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to:

Hon. Stephen B. Seiple  
Attorney at Law  
Columbia Gas of Kentucky, Inc.  
P.O. Box 117  
Columbus, OH 43216-0117

Hon. Richard S. Taylor  
Attorney at Law  
Capital Link Consultants  
225 Capital Avenue  
Frankfort, KY 40601

Hon. Matthew Malone  
Hurt, Crosbie & May, PLLC  
The Equus Bldg.  
127 W. Main St.  
Lexington, KY 40507

Hon. W.L. Wilson  
Lexington-Fayette Urban-County Government  
Department of Law  
200 E. Main St.  
Lexington, KY 40507

Hon. David F. Boehm  
Boehm, Kurtz & Lowry  
36 E. 7th Street  
Ste. 1510  
Cincinnati, OH 45202

Hon. Iris G Skidmore  
415 W. Main St.  
Ste. 2


Frankfort, KY 40601

Hon. John Dosker  
General Counsel  
Stand Energy Corporation  
1077 Celestial Street, Ste. #110  
Cincinnati, OH 45202-1629

Hon. Tom Fitzgerald, Esq.  
Liz D. Edmondson, Esq.  
Kentucky Resources Council, Inc.  
P.O. Box 1070  
Frankfort, KY 40602-1070

Hon. Robert Watt  
Stoll Keenon Ogden, PLLC  
300 W. Vine St.  
Ste. 2100  
Lexington, KY 40644

this <sup>25~~th~~</sup> day of August, 2009

  
Assistant Attorney General



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

**Data Requests relating to the Testimony of Dr. Woolridge:**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.).

RESPONSE: See attached CD.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, in Excel format, is provided on the Woolridge CD in the Work Sheets folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, in Excel format, is provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, in Excel format, is provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, in Excel format, is provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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 Stearns 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.

RESPONSE: The requested data, in Excel format, was provided on the Woolridge CD in the Work Sheets folder. The Bear Stearns Bond Price Index is published by Bear Stearns. Bear Stearns does not provide any information pertaining to the bonds included in the Index. Therefore, information related to the issuer of each bond, the credit quality of each bond, coupon rate of each bond, the term to maturity of each bond, are not available.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, in Excel format, was provided on the Woolridge CD in the Work Sheets folder. The data were equally weighted.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested document is provided on the Woolridge CD in the AUS folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: NiSource is listed as a combination electric and gas company by Value Line.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested documents are provided on the Woolridge CD in the AUS folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The data on page 3 was downloaded from Yahoo! The source documents are in the exhibits.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, graphs, and regressions are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data, graphs, and regressions are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: Damodoran's betas come from Value Line. The current gas betas, as provided by Value Line, are:

Company Name	Ticker Symbol	Beta
AGL Resources	AGL	0.75
AmeriGas Partners	APU	0.8
Atmos Energy	ATO	0.6
Canadian Utilities 'B'	CUX.TO	0.25
Chesapeake Utilities Corp.	CPK	0.75
Corning Natural Gas Corp	CNIG	0.4
Energy West Inc.	EWST	0.65
Ferrellgas Partners L P	FGP	0.85
Laclede Group	LG	0.65
New Jersey Resources	NJR	0.65
Nicor Inc.	GAS	0.75
NiSource Inc.	NI	0.8
Northwest Nat. Gas	NWN	0.6
Pacific Northern Gas Ltd.	PNG.TO	0.45
Penn Octane Corp	POCC	0.5
Piedmont Natural Gas	PNY	0.65
RGC Resources Inc	RGCO	0.4
SMF Energy Corporation	FUEL	0.95
South Jersey Inds.	SJI	0.65
Southwest Gas	SWX	0.7
Star Gas Partners L P	SGU	1.15
UGI Corp.	UGI	0.7
WGL Holdings Inc.	WGL	0.65
Williams Partners LP	WPZ	1.1



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: Dr. Woolridge discusses why he believes the DCF model is a better model for estimating the cost of equity capital for public utilities in his testimony. For stocks in general, as well as for public utility stocks, the difficulty in applying the CAPM is that the most important input, the equity risk premium, is difficult to measure. Dr. Woolridge discusses this issue at length in his testimony. As shown by the results of the numerous studies listed on page 5 of Exhibit JRW-11, various researchers have estimated equity risk premiums which range from 2.0% to 7.31%.

80000 SERIES  
30° P.C.W.  
RECYCLED ♻️

**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested documents are provided on the Woolridge CD in the AUS folder.

80000 SERIES  
30% P.C.W.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Studies folder.

80000 SERIES  
30% P.C.W.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: June 12, 2009



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 2

QUESTION 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.

RESPONSE: The data for EPS, DPS, and BVPS came from *Value Line*. The source documents are on the Woolridge CD in the Value Line folder. In addition, attached please find a revised version of page 3 of Exhibit JRW-10. There was a transcription error on the 5-year growth rates on the original version.

Case No. 2009-  
00141

Exhibit JRW-10

DCF Study

Page 3 of 6

**Exhibit JRW-10  
Columbia Gas of Kentucky, Inc.  
DCF Equity Cost Growth Rate Measures  
Historic Growth Rates  
Gas Proxy Group**

<b>EPS Growth Rates</b>	<b>5-Year</b>	<b>10-Year</b>
<b>ATG</b>	<b>5.43%</b>	<b>6.75%</b>
<b>ATO</b>	<b>3.18%</b>	<b>0.84%</b>
<b>LG</b>	<b>7.72%</b>	<b>5.27%</b>
<b>GAS</b>	<b>4.50%</b>	<b>1.31%</b>
<b>NWN</b>	<b>7.95%</b>	<b>9.72%</b>
<b>PNY</b>	<b>6.07%</b>	<b>4.28%</b>
<b>SJI</b>	<b>10.63%</b>	<b>13.50%</b>
<b>SWX</b>	<b>4.23%</b>	<b>-1.70%</b>
<b>WGL</b>	<b>1.19%</b>	<b>4.71%</b>
<b>Mean</b>	<b>5.66%</b>	<b>4.96%</b>
<b>Median</b>	<b>5.43%</b>	<b>4.71%</b>

**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

<b>DPS Growth Rates</b>		
<b>ATG</b>	<b>8.64%</b>	<b>4.52%</b>
<b>ATO</b>	<b>1.61%</b>	<b>2.06%</b>
<b>LG</b>	<b>2.14%</b>	<b>1.22%</b>
<b>GAS</b>	<b>0.00%</b>	<b>2.31%</b>
<b>NWN</b>	<b>3.66%</b>	<b>2.22%</b>
<b>PNY</b>	<b>4.59%</b>	<b>4.87%</b>
<b>SJI</b>	<b>7.31%</b>	<b>4.42%</b>
<b>SWX</b>	<b>1.88%</b>	<b>0.94%</b>
<b>WGL</b>	<b>1.99%</b>	<b>1.63%</b>
<b>Mean</b>	<b>3.54%</b>	<b>2.69%</b>
<b>Median</b>	<b>2.14%</b>	<b>2.22%</b>

<b>BVPS Growth Rates</b>	<b>5-Year</b>	<b>10-Year</b>
<b>ATG</b>	<b>7.94%</b>	<b>6.52%</b>
<b>ATO</b>	<b>6.29%</b>	<b>6.35%</b>
<b>LG</b>	<b>4.17%</b>	<b>4.26%</b>
<b>GAS</b>	<b>4.68%</b>	<b>3.03%</b>
<b>NWN</b>	<b>3.96%</b>	<b>3.63%</b>
<b>PNY</b>	<b>5.28%</b>	<b>4.97%</b>
<b>SJI</b>	<b>9.00%</b>	<b>10.77%</b>
<b>SWX</b>	<b>4.98%</b>	<b>4.13%</b>
<b>WGL</b>	<b>5.25%</b>	<b>4.24%</b>
<b>Mean</b>	<b>5.73%</b>	<b>5.57%</b>
<b>Median</b>	<b>5.25%</b>	<b>4.46%</b>

<b>Average (of Means)</b>	<b>4.97%</b>	<b>4.41%</b>
<b>Average (of Medians)</b>	<b>4.28%</b>	<b>3.80%</b>

	<b>5-Year</b>	<b>10-Year</b>
<b>Overall Average</b>	<b>4.63%</b>	<b>4.10%</b>

<b>Average of 5-Year and 10-Year</b>	<b>4.4%</b>
--------------------------------------	-------------

*Data: Value Line*



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the EPS Growth Rate folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data is not provided by the information sources.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data is not provided by the information sources.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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?

RESPONSE: This observation is based on Dr. Woolridge's casual examination of the data. He did not perform a statistical analysis.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the EPS Growth Rate folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The source document comes from [www.bloomberg.com](http://www.bloomberg.com) and is embedded in Exhibit JRW-11 which is provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested data are provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested documents are provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 2

QUESTION 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:

<u>Study Authors</u>	<u>Publication Date</u>
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



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

Survey of Financial Forecasters	2009
Duke - CFO Magazine Survey	2009
Welch - Academics	2008
Fernandez - Academics	2009
Ibbotson and Chen	2008
Woolridge	

RESPONSE: The requested documents are provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The source document for the 4.3% yield is the Ibbotson and Chen article which is provided on the CD. The source document the 1.4% in 2000 is page 10 of Exhibit JRW-11. The source document for the 2.35% currently is the below.

---

**S&P 500 Statistics  
As of June 30, 2009**

Total Market Value (\$ Billion)	8,045
Mean Market Value (\$ Million)	16,090
Median Market Value (\$ Million)	6,532
Weighted Ave. Market Value (\$ Million)	68,624
Largest Cos. Market Value (\$ Million)	341,141
Smallest Cos. Market Value (\$ Million)	643
Median Share Price (\$)	27.875
P/E Ratio*	134.01
Indicated Dividend Yield (%)	2.35
NM - Not Meaningful	

\*Based on As Reported Earnings.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data is provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The source document for the 134.01 P/E ratio is below. The Index Value for price and earnings are not provided, only the P/E ratio.

---

**S&P 500 Statistics  
As of June 30, 2009**

Total Market Value (\$ Billion)	8,045
Mean Market Value (\$ Million)	16,090
Median Market Value (\$ Million)	6,532
Weighted Ave. Market Value (\$ Million)	68,624
Largest Cos. Market Value (\$ Million)	341,141
Smallest Cos. Market Value (\$ Million)	643
Median Share Price (\$)	27.875
P/E Ratio*	134.01
Indicated Dividend Yield (%)	2.35
NM - Not Meaningful	

\*Based on As Reported Earnings.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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*.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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*.

RESPONSE: The requested documents are provided on the Woolridge CD in the Value Line folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The summary data is provided on Woolridge CD in the EPS Growth Rate Study folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data is provided on the Woolridge CD in the Work Sheets folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

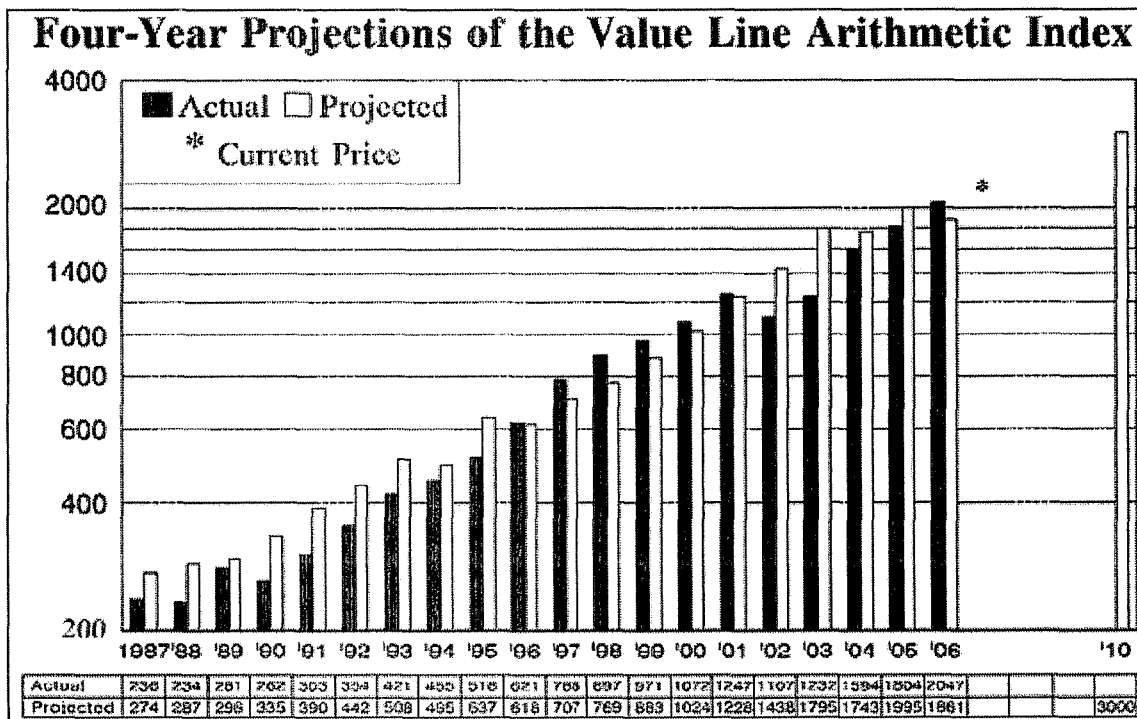
WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The document comes from Value Line and below:





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The *Value Line Investment Analyzer* is a Value Line product, is delivered online or on a CD, and is used by Mr. Moul.





**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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%.

RESPONSE: The requested data are provided on the Woolridge CD in the Work Sheets folder.



**Attorney General's Responses to Columbia Gas of Kentucky's  
Requests for Information to the Attorney General  
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 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).

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.