

July 1, 2009

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

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PUBLIC SERVICE
COMMISSION

Re: Case No. 2009-00168

Dear Mr. Derouen,

Enclosed for filing are the original and eleven (11) copies of Columbia Gas of Kentucky, Inc.'s responses to First Data Request of Attorney General in the above case. 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 614.460.4680 or dcreekmur@nisource.com. Thank you.

Sincerely,



Daniel A. Creekmur, Esq.

Enclosures

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

**COLUMBIA GAS OF KENTUCKY, INC.
 RESPONSE TO FIRST DATA REQUEST OF ATTORNEY GENERAL**

Data Request 001:

The table in paragraph (j) of the Application shows the following Pension and OPEB (exclusive of OPEB – Amortization of TO) expenses charged to O&M of \$638,757 for 2004; \$589,438 for 2005; \$325,033 for 2006; \$255,886 for 2007; \$95,429 for 2008; and \$1,490,488 as estimated for 2009. In this regard, please provide the following information:

- (a) Confirm the above facts. If you do not agree, explain your disagreement.
- (b) For the same years, 2004 through 2009, provide the Company’s total O&M expenses. In addition, provide the percentages that the total pension and OPEB (exclusive of OPEB – Amortization of TO) expenses listed above represent of the total O&M expenses for each of the years 2004 through 2009.

Response:

a. The above facts are slightly incorrect. The table in paragraph (j) of the Application shows the following Pension and OPEB (exclusive of OPEB-Amortization) expenses charged to O&M.

	2009 (Est)	2008	2007	2006	2005	2004
Pensions - Retirement Income Plan	\$ 980,525	\$ (152,146)	\$ (4,727)	\$ (104,133)	\$ 212,790	\$ 289,648
OPEB - Retiree Medical & Group Life Insurance	\$ 509,963	\$ 247,575	\$ 260,613	\$ 429,166	\$ 376,648	\$ 349,109
Total per table	\$ 1,490,488	\$ 97,437	\$ 257,893	\$ 327,039	\$ 591,443	\$ 640,761

The difference between the amounts specified in the question and the amounts in table (j) appears to be due to adding the years 2004 – 2008 to the amounts specified in the question.

	2009 (Est)	2008	2007	2006	2005	2004
Pensions - Retirement Income Plan	\$ 980,525	\$ (152,146)	\$ (4,727)	\$ (104,133)	\$ 212,790	\$ 289,648
OPEB - Retiree Medical & Group Life Insurance	\$ 509,963	\$ 247,575	\$ 260,613	\$ 429,166	\$ 376,648	\$ 349,109
Total per table	\$ 1,490,488	\$ 97,437	\$ 257,893	\$ 327,039	\$ 591,443	\$ 640,761
Total per question	\$ 1,490,488	\$ 95,429	\$ 255,886	\$ 325,033	\$ 589,438	\$ 638,757
Difference	\$ -	\$ 2,008	\$ 2,007	\$ 2,006	\$ 2,005	\$ 2,004

b. The table below lists the Company's total O&M expenses for years 2004 through 2009 and includes the percentages of pension and OPEB (exclusive of OPEB – Amortization of TO) expense to total O&M expenses for those same years.

	Pension & OPEB Expense		Total O&M Expense		% of Pension & OPEB Expense
2004	\$ 640,761	\$	26,691,730	\$	2.40%
2005	\$ 591,443	\$	28,191,102	\$	2.10%
2006	\$ 327,039	\$	26,395,803	\$	1.24%
2007	\$ 257,893	\$	24,053,971	\$	1.07%
2008	\$ 97,437	\$	28,271,959	\$	0.34%
2009 (Est)	\$ 1,490,488	\$	30,619,000	\$	4.87%

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST DATA REQUEST OF ATTORNEY GENERAL**

Data Request 002:

Please provide the pension expenses charged to O&M and (separately) the total OPEB expenses (inclusive of OPEB – Amortization of TO) charged to O&M in the following Columbia Gas if Kentucky rate cases:

- (a) In the prior rate case, Case No. 2007-00008. In addition, indicate at what date the rates from this rate case became effective.
- (b) In the base rate proceeding prior to Case No. 2007-00008. In addition, indicate at what date the rates from this rate case became effective.

Response:

- (a) Please see PSC Case No. 2009-00168 AG Set 1-002 Attachment A for the as filed level of pension and OPEB expenses included in PSC Case No. 2007-00008. The rates from this case became effective August 29, 2007.
- (b) Please see PSC Case No. 2009-00168 AG Set 1-002 Attachment B for the as filed level of pension and OPEB expenses included in PSC Case No. 2002-00145. The rates from this case became effective March 1, 2003.

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2007-00008
UTILITY JURISDICTIONAL ADJUSTMENT
ANNUALIZATION OF INCREASE IN BENEFITS EXPENSE
TWELVE MONTHS ENDED SEPTEMBER 30, 2006

Date: Historic Period Forecasted Period
Type of Filing: Original Updated

PSC Case No. 2009-00168 AG Set 1-002 Attachment A
SHEET 1 OF 1

PURPOSE AND DESCRIPTION: To reflect the annualization of benefits expense for the last year September 30, 2006, and known and measurable increases for 2007.

LINE NO.	COST ELEMENT NO.	DESCRIPTION	GROSS PER BOOKS		PER BOOKS TOTAL		TEST YEAR NET COSTS		2007 GROSS COSTS		2007 TOTAL TRANSFERS		2007 NET COSTS		PERCENT OF PER BOOKS TOTAL TRANSFERS		NET ADJUSTMENT
			(1)	(2 = 1 x 7)	(3 = 1 - 2)	(4)	(5 = 4 x 7)	(6 = 4 - 5)	(7)	(8 = 6 - 3)							
EMPLOYEES' INSURANCE PLANS																	
1	9041&9045	COMP MEDICAL INSURANCE AND EAP	1,197,546	(363,216)	834,330	1,454,000	(440,998)	1,013,002	-30.33%	178,672							
2	9042	DENTAL ASSISTANCE	119,940	(36,378)	83,562	124,000	(37,609)	86,391	-30.33%	2,829							
3	9043	GROUP LIFE INSURANCE	(253)	77	(176)	27,000	(8,189)	18,811	-30.33%	18,987							
4	9044	LONG TERM DISABILITY	35,313	(10,710)	24,603	40,000	(12,132)	27,868	-30.33%	3,265							
5		TOTAL EMPLOYEES' INSURANCE PLANS	1,352,546	(410,227)	942,319	1,645,000	(498,928)	1,146,072		203,753							
OPER COST																	
6	9046	ONGOING OPEB - MEDICAL	554,297	(168,118)	386,179	483,000	(146,494)	336,506	-30.33%	(49,673)							
7	9047	ONGOING OPEB - GROUP LIFE	(45,562)	13,819	(31,743)	(55,000)	16,682	(38,318)	-30.33%	(6,575)							
8	9048	SFAS 106 Amortization	281,695	0	281,695	281,695	0	281,695	0	0							
9	9049	SFAS 112 Amortization	327,107	0	327,107	327,107	0	327,107	0	0							
10		TOTAL OPEB	1,117,537	(154,299)	963,238	1,036,802	(129,812)	906,990		(56,248)							
PENSIONS AND RETIREMENT INCOME																	
11																	
12	9061	RETIREMENT INCOME PLAN	(90,204)	(37,166)	(127,370)	(28,000)	12,200	(15,800)	-43.57%	111,570							
13																	
14	9081	THRIFT PLAN	277,649	(64,880)	212,769	288,000	(67,306)	220,694	-23.37%	7,925							
15		TOTAL (LINES 5, 10, 12, 14)	2,657,528	(666,572)	1,990,956	2,941,802	(663,846)	2,257,956		267,000							

1/ See Workpaper WPD-2.4 Sheet 1 of 2.
2/ See Workpaper WPD-2.4 Sheet 2 of 2.

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2002-00145
BENEFITS ADJUSTMENT - ACCOUNT 926
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

PSC Case No. 2009-00168 AG Set 1-002 Attachment B
SHEET 1 OF 1

LINE NO.	COST ELE. NO.	DESCRIPTION	PER	2002	GROSS	PER BOOKS	PERCENT OF	ESTIMATED	NET
			BOOKS (1)	EXPENSE	ADJ. (3=2-1)	TOTAL TRANSFERS (2)	PER BOOKS TOTAL TRANSFERS (5=4/1)	ADJUSTMENT TO TRANSFERS (6=3x5)	ADJUSTMENT (7=3+6)
			\$	\$	\$	\$	%	\$	\$
1		PENSIONS AND RETIREMENT INCOME							
2	9061	RETIREMENT INCOME PLAN	(126,000)	112,000	238,000	0	0.00%	0	238,000
3		EMPLOYEES' INSURANCE PLANS							
4	9043	GROUP LIFE INSURANCE	23,840	43,000	19,160	(4,350)	-18.25%	(3,497)	15,663
5	9041	COMP MEDICAL INSURANCE AND							
6	9045	EAP	1,198,424	1,602,000	403,576	(218,656)	-18.25%	(73,653)	329,923
7	9044	LONG TERM DISABILITY	139,372	189,000	49,628	(25,429)	-18.25%	(9,057)	40,571
8	9042	DENTAL ASSISTANCE	135,133	166,000	30,867	(24,656)	-18.25%	(5,633)	25,234
9		TOTAL EMPLOYEES' INSURANCE PLANS	1,496,769	2,000,000	503,231	(273,092)		(91,840)	411,391
10		THRIFT PLAN							
11	9081	THRIFT PLAN	275,125	311,000	35,875	(45,969)	-16.71%	(5,995)	29,880
12		TOTAL BENEFIT EXPENSES	1,645,894	2,423,000	777,106	(319,061)		(97,835)	679,271
13		AMORTIZATION OF OPEB							
14	9048	TRANSITION OBLIGATION - SFAS 106	454,902	1,151,863	696,961	0	0.00%	0	696,961
15	9049	TRANSITION OBLIGATION - SFAS 112	34,362	34,362	-	0	0.00%	0	0
16	9041	ONGOING OPEB - MEDICAL	562,000	541,000	(21,000)	(102,565)	-18.25%	3,833	(17,167)
17	9043	ONGOING OPEB - LIFE	(42,000)	(24,000)	18,000	7,665	-18.25%	(3,285)	14,715
18		ONGOING EXPENSE	520,000	517,000	(3,000)	(94,900)		548	(2,452)
19		GROSS ADJUSTMENT TO BENEFITS	2,655,158	4,126,225	1,471,067	(413,961)		(97,287)	1,373,780

NOTES:
[1] SEE DECEMBER 31, 2001 FINANCIAL STATEMENT, PAGE 3M1.
[2] COST ELEMENTS 9051, 9071, AND 9091 FROM PAGE 3M1 OF DECEMBER 31, 2001 FINANCIAL STATEMENT.
LINES 4 THROUGH 8 ARE BASED ON THE RELATIONSHIP OF LINES 4 THROUGH 8 IN COLUMN 1 TO THE LINE 9 TOTAL IN COLUMN 1. (367,992) 2,016,796 -18.25%

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST DATA REQUEST OF ATTORNEY GENERAL

Data Request 003:

Please provide the actual pension expenses charged to O&M and (separately) the total OPEB expenses (inclusive of OPEB – Amortization of TO) charged to O&M in each of the years 1996 through 2003.

Response:

The actual pension expenses charged to O&M and the total OPEB expenses (inclusive of OPEB – Amortization of TO) charged to O&M in each of the years 1996 through 2003 are as follows:

Year	Pension Expense	OPEB Expense
1996	\$ 469,333	\$ 1,062,349
1997	\$ 25,598	\$ 838,239
1998	\$ (439,173)	\$ 681,644
1999	\$ (173,000)	\$ 887,141
2000	\$ (627,020)	\$ 912,228
2001	\$ (126,000)	\$ 879,978
2002	\$ 112,000	\$ 857,533
2003	\$ 391,556	\$ 697,269

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST DATA REQUEST OF ATTORNEY GENERAL**

Data Request 004:

With regard to the Company's SFAS 112 amortization expenses, please provide the following information:

- (a) As shown on Schedule D-2.4, Sheet 1 of the prior rate case, Case No. 2007-00008, the SFAS 112 amortization expenses (O&M expenses) that were claimed in the prior case and are included in the current base rates amount to \$327,197. Please confirm this. If you do not agree, explain your disagreement.
- (b) As shown on Schedule D-2.4, Sheet 1 of the current rate case, the SFAS 112 amortization expenses (O&M expenses) booked in the test year are an expense credit amount of \$306,686. Please confirm this. If you do not agree, explain your disagreement.
- (c) Provide the actual annual SFAS 112 amortization expense or expense credit levels booked by the Company in each of the years 2006, 2007, 2008 and 2009.
- (d) Explain why the SFAS 112 amortization expense changed from an expense to an expense credit.

Response:

Columbia has not requested a change to FAS 112 and, therefore, objects to this interrogatory as it is not reasonably calculated to lead to the discovery of admissible evidence and is not relevant or material to the subject matter of this application. Columbia's application relates specifically to FAS 87, Employers' Accounting for Pensions, and FAS 106, Employers' Accounting for Post Retirement Benefits Other Than Pensions. FAS 112, Employers' Accounting for Postemployment Benefits, concerns benefits provided to former or inactive employees, their beneficiaries and dependents after employment but before retirement, including individuals on disability and individuals who have been laid off. Columbia's application does not seek special accounting treatment for FAS 112.