

July 29, 2010

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

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JUL 29 2010

PUBLIC SERVICE
COMMISSION

RE: Case No. 2010-00146

Dear Mr. Derouen,

Enclosed for docketing with the Commission is an original and ten (10) copies of Columbia Gas of Kentucky, Inc., responses to Commission Staff's First Information Request. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you!

Sincerely,

Brooke E. Leslie (gmc)

Brooke E. Leslie
Counsel

Enclosures

cc: Hon. Richard S. Taylor

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST INFORMATION REQUEST OF COMMISSION STAFF
DATED JULY 15, 2010**

Data Request No. 1:

Refer to the Prepared Direct Testimony of Judy M. Cooper (“Cooper Testimony”), page 4. Explain why Columbia filed a motion on June 6, 2003 requesting to terminate the pilot Customer Choice program (“Choice Program”) after less than three years of operation and why Columbia subsequently withdrew the motion.

Response:

Columbia filed the motion to terminate its Choice pilot program seven months earlier than the authorized termination date of October 31, 2004, primarily because it found customers were not saving money; because Columbia was likely to incur substantial stranded costs that it would not be able to recover if the pilot extended beyond March 31, 2004; and, because March 31 was the best time to end the program given the annual cycle of pipeline storage activity. A number of parties requested intervention at the Commission arguing against Columbia’s motion and many protestors filed letters opposing Columbia’s motion. Columbia subsequently withdrew its motion in light of the concerns expressed by other parties about the proposed termination of the program.

COLUMBIA GAS OF KENTUCKY, INC.
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DATED JULY 15, 2010

Data Request No. 2:

Refer to page 8 of the Cooper Testimony. Describe the transition and stranded costs experienced by Columbia in the early years of the Choice Program, including the nature and magnitude of the costs.

Response:

Transition and stranded costs identified in the early years of the Choice program included Columbia's pipeline demand costs, information technology costs, and consumer education costs. These costs amounted to approximately \$32,708,000.

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Data Request No. 3:

Explain whether Columbia considers the Choice Program to be a success.

Response:

Columbia believes the program is operating successfully. The market is active with customer participation, marketer offerings, expanded marketer participation, few customer complaints, responsive marketers, operational effectiveness and reliable service.

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Data Request No. 4:

Explain whether Columbia believes the Choice Program has benefited its participating customers and, if so, how they have benefited.

Response:

The Choice Program has benefited Columbia's small volume customers because it has provided small volume customers the same opportunity that large volume customers gained many years earlier- to assume greater control over their energy supply in the form of gas supply commodity options in addition to Columbia's tariff rates. In other words, the possibilities offered to gain price stability, predictability and/or savings on gas costs, on a completely voluntary basis with guaranteed reliability of service. In a customer satisfaction survey conducted by the Matrix Group of Lexington, Kentucky at Columbia's direction in 2008, 75% of the Choice participants who responded to the survey indicated they wanted the ability to choose their natural gas supplier, even if they learned they had not saved money in the program thus confirming that customers value this benefit.

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Data Request No. 5:

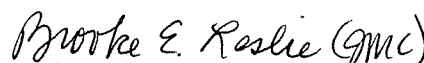
Explain whether there has been a negative impact on franchise and school tax revenues as a result of the Choice Program.

Response:

There have not been any negative impacts on franchise and school tax revenues as a result of the Choice Program. The design of Columbia's Choice program insures that franchise and school tax revenues are collected and remitted to the appropriate authorities in the same manner and franchise and school tax revenue for other tariff services.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing responses to Commission Staff's First Information Request of Columbia Gas of Kentucky, Inc., was served upon all parties of record by regular U. S. mail this 29th day of July, 2010.



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