COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC. TO REVISE ITS GAS COST ADJUSTMENT TARIFFS	)))	CASE NO. 2001-199

FIRST DATA REQUEST OF COMMISSION STAFF
TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. ("Columbia"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due within seven days from the date of this request. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Explain why Columbia is proposing to move the Actual Cost Adjustment ("ACA"), the Refund Adjustment ("RA"), and the Balancing Adjustment ("BA") from the Gas Cost Adjustment ("GCA") and billing them as a separate line item identified as the Actual Reconciliation Adjustment ("ARA").

2. The proposed ARA would be applied to Choice customers' bills for the first 12 months after the proposal becomes effective regardless of when customers switched

to Choice service. Such customers have been charged Columbia's filed rates during the time since switching to Choice service.

a. Explain how the proposal to charge Choice customers the ARA for costs incurred during a period when they were charged Columbia's filed rates, a period prior to the possible approval of the ARA, does not constitute retroactive rate-making.

b. Customers who switched to Choice service prior to July 1, 2001 were not sales customers for the entire 12 months ended June 30, 2001 and have not fully contributed to the total amount of Columbia's under-recovered gas costs for that 12-month period. Provide the rationale for charging such customers the ARA for a full 12 months even though they were not sales customers and did not contribute to the gas cost under-recoveries for a full 12 months.

3. Provide Columbia's current estimate of the ACA that would go into effect with Columbia's GCA filing effective September 1, 2001. Provide workpapers showing the calculation of this estimate.

4. Is Columbia able to determine the portions of the estimated under-recovery of $19 million that are directly attributable to Choice customers and to sales customers? If so, describe the method by which such determination will be made.

5. Columbia's proposed ARA will be applied to a Choice customer's bill for a period of 12 months after which the ARA would be deleted from his of her bill. As proposed, the ARA would be applied to sales customers' bills on an ongoing basis.

a. Describe how Columbia intends to bill a Choice customer whose ARA component has been discontinued, after 12 months, in the event the customer loses his or her marketer and involuntarily reverts to sales customer status. Explain the response.

b. Describe how Columbia intends to charge the proposed ARA to a customer who switched to the Choice program in November 2000 and voluntarily reverts to sales service in November 2002, two years after having ceased to contribute to any gas cost over- or under-recoveries that would make up the then-current ARA. Explain why the proposed approach is reasonable and fair.

6. Identify any other changes Columbia is considering for its GCA, such as decreasing the forecast period used in developing its Expected Gas Cost or switching from an annual calculation to a quarterly calculation for its ACA.

7. State whether timing problems related to the collection of under- or over-recoveries of gas costs would be reduced if the ARA were calculated and adjusted on a more frequent basis. If yes, explain why Columbia has not proposed such a solution.

8. Provide a summary of all similar situations faced by Columbia distribution companies operating in other states and a description of how those companies addressed those situations.

Thomas M. Dorman
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DATED July 5, 2001

cc: All Parties