COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING BY COLUMBIA GAS OF KENTUCKY, INC. TO REQUIRE THAT MARKETERS IN THE SMALL VOLUME GAS TRANSPORTATION PROGRAM BE REQUIRED TO ACCEPT A MANDATORY ASSIGNMENT OF CAPACITY	)	CASE NO. 2002-00117

INITIAL 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 June 4, 2002. Each copy of the data requested should be placed in a bound volume with each item tabbed. 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. Page 1 of the letter of March 15, 2002 filed with Columbia s proposed revised tariff states that on April 1, 2001 Columbia informed the Commission that it would commence Phase II of the Customer Choice program effective July 1, 2001.

Page 2 of that letter refers to letters sent by Columbia on January 11, 2002 to MX Energy (MX) and Interstate Gas Supply (IGS) regarding implementation of Phase II.

a. What communications did Columbia have with MX and IGS concerning implementation of Phase II prior to sending letters on January 11, 2002?

b. Provide a detailed narrative explanation for why Columbia did not ascertain the extent of its concerns regarding MX and IGS not taking capacity under Phase II prior to January 11, 2002. Explain specifically why Columbia did not notify the Commission of the situation with MX and IGS shortly after July 1, 2001.

2. When Columbia s Customer Choice program was initially approved, the approved revenue opportunities available to offset the stranded costs incurred in relation to the program included revenues from capacity assignment.

a. Given the circumstances regarding MX and IGS, has Columbia realized any revenues under the Customer Choice program from capacity assignment? If yes, provide the amount.

b. In the same format used on page 13 of Columbia s June 1, 2002 Annual Report on the Customer Choice program, provide a schedule of stranded costs and revenues for calendar years 2000, 2001, and 2002. Identify the cut-off date for calendar year 2002 information.

3. Refer to the first sentence of the second paragraph on page 3 of the March 15, 2002 letter filed with the proposed revised tariff. This refers to Columbia s only enforcement option being to suspend or terminate the marketer. If this remedy is unsatisfactory or inappropriate for Columbia, explain why this was the only enforcement option proposed by Columbia when it applied for approval of the Choice program.

4. Refer to the first sentence of the third paragraph on page 3 of the March 15, 2002 letter filed with the proposed revised tariff. It states, First, suspension of marketers would not solve the problem going forward. No discussion follows to support this statement. Provide a detailed explanation for why suspension of marketers does not solve the problem for Columbia.

5. The fourth paragraph of the March 15, 2002 letter filed with the proposed revised tariff identifies Columbia s proposal to make capacity assignment mandatory for all Customer Choice demand. After citing the benefits of the proposal to customers and Columbia, the paragraph refers to the proposal protecting marketers from being penalized severely for a failure to perform. Describe in detail the protection to be afforded marketers under the proposed tariff revision given that they will continue to be subject to suspension or exclusion from the program under Delivery Requirements: Mandatory Assignment Phase on Sheet 36a of the proposed revised tariff.

6. The next-to-last sentence in the fourth paragraph on page 3 of the March 15, 2002 letter filed with the proposed revised tariff states that the proposed tariff revision will allow the Choice program to continue without public backlash (emphasis added) until the end of the pilot. . . . Describe the extent to which concerns about public reaction, or backlash, is driving Columbia s decision to not suspend or terminate marketers in accordance with its existing tariff.

7. The last sentence of the fourth paragraph on page 3 of the March 15, 2002 letter filed with the proposed revised tariff states, among other things, that

mandatory capacity assignment should be transparent to customers. Explain in detail how mandatory assignment will be transparent to customers.

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DATED May 23, 2002

cc: All Parties