COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF COLUMBIA GAS OF KENTUCKY, INC.	))	CASE NO. 2002-00145

POST-SETTLEMENT DATA REQUEST OF COMMISSION STAFF TO ALL PARTIES

On October 1, 2002, Columbia Gas of Kentucky, Inc. (Columbia), the Attorney General of the Commonwealth of Kentucky, Lexington-Fayette Urban County Government, the Kentucky Industrial Utility Customers, Inc., and the Kentucky Associations for Community Action and the Community Action Council for Lexington-Fayette, Bourbon, Nicholas, and Harrison Counties, Inc. (collectively referred to as Parties) submitted a Joint Stipulation and Recommendation (Joint Stipulation) intended to resolve the outstanding issues in this proceeding.

The Parties, pursuant to Administrative Regulation 807 KAR 5:001, are requested to file with the Commission the original and 10 copies of the following information. When a question is directed to Columbia individually, Columbia is requested to answer the question and each of the other parties is requested to state its position on Columbia s response. The information requested herein is due within 10 days of the date of this request. 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.

The references in the following questions relate to specific sections of the Joint Stipulation.

1. Paragraph 2(d) states that the changes proposed by Columbia to its service line extension policy on Tariff Sheet No. 62 should be implemented. The changes, as proposed, distinguish customers based on whether they will use natural gas as their major source of energy with those customers not using natural gas as their major source of energy being required to contribute a portion of the cost of the service line extension in the form of a non-refundable deposit.

a. In its response to Item 34(a) of the Commission Staff s second data request, Columbia indicated that it considered natural gas to be a customer s major source of energy if the customer was using natural gas as the primary energy source for heating his/her home. Explain whether that response continues to reflect Columbia s position on what constitutes a customer s major source of energy. If Columbia s position has changed, provide the new position and explain the reason for the change. If such a change is based on potential consumption by customers that install multiple natural gas appliances (water heaters, stoves, clothes dryers, etc.) but do not use gas as the primary energy source for heating their homes, provide a detailed explanation of how Columbia will determine whether gas is a customer s major source of energy.

b. In an effort to minimize potential misunderstandings, disputes or complaints concerning this policy change, is Columbia agreeable to its definition, or position on, what constitutes a customer s major source of energy being included in the tariff as a second sentence of the paragraph that contains the proposed change? If no, explain why.

c. Columbia s response to Item 26 of the Commission Staff s third data request indicated that Columbia intended to use the average cost of all service line extensions in the calculation, with the average cost updated annually. When does Columbia intend to perform its annual update of the average cost of a service line extension? Will it be done on a calendar year basis? Explain the response.

d. Tariff Sheet No. 62 in Attachment A to the Joint Stipulation contains an effective date of November 1, 2002, and is the only tariff sheet in Attachment A with such an effective date. Explain: (1) the selection of this proposed effective date, and (2) why the effective date is not March 1, 2003, consistent with the effective date of the rate reduction set out in the Joint Stipulation.

e. Provide the Parties position on the following:

(1) Establishing an effective date of March 1, 2003 for the proposed Tariff Sheet No. 62 with the average cost of a service line extension being based on Columbia s actual results for calendar year 2002.

(2) Filing the 2002 average cost for a service line extension with the Commission as Tariff Sheet No. 62b at least 30 days prior to the March 1, 2003 effective date and making like filings in subsequent years with the average cost

calculation based on the just completed calendar year and the revised Tariff Sheet No. 62b having an effective date each year of March 1.

2. Paragraphs 2(f) and 3 describe the new Energy Assistance Program (EAP) that Columbia will implement pursuant to the terms of the Joint Stipulation and Tariff Sheet No. 51b. The EAP, with annual funding of $675,000, is intended to replace Columbia s existing Customer Assistance Program (CAP), which has annual funding of $350,000.

a. The CAP, as approved by the Commission, reflected an equal cost sharing, 50 percent each for ratepayers and shareholders. Provide the rationale for why the Commission should find that the $325,000 increase in funding under the EAP, with 100 percent of the increase borne by ratepayers, is reasonable.

b. Paragraph 3 indicates that the initial EAP surcharge will be calculated as the existing CAP surcharge, plus a true-up of CAP costs for the year 2001-2002. What months are included in the year 2001-2002?

c. The CAP surcharge is $.015 per Mcf. What is Columbia s current estimate of the impact that the true-up of 2001-2002 costs will have on the surcharge?

d. Explain why the EAP surcharge is proposed to be effective with bills rendered in Columbia s second billing cycle following the Commission s Order addressing the merits of the Joint Stipulation? Why not the March 1, 2003 effective date proposed for the rate reductions contained in the Joint Stipulation?

e. Assuming the EAP is approved as proposed, when will Columbia file the revision to Tariff Sheet 51b reflecting the surcharge amount based on the CAP surcharge and the true-up of CAP costs for year 2001-2002?

f. Based on the CAP surcharge of $.015 per Mcf, provide Columbia s current best estimate of the expected EAP surcharge, assuming the ratepayer share of the funding is approved at $500,000.

g. Assuming the EAP is approved as proposed, when will Columbia file the revision to Tariff Sheet 51b reflecting the surcharge amount based on ratepayers funding $500,000 annually plus true-up costs for the prior year?

3. Paragraph 3 also states that the EAP will operate as a continuation of the current CAP until the EAP program details are agreed upon by the parties, or October 1, 2003, whichever comes first.

a. Describe all the changes envisioned between the CAP and EAP. This description should address changes other than the increase in funding and the additional customers to be assisted.

b. Columbia filed its application in this case on May 1, 2002. The application contained the proposal for an EAP, which Columbia had been discussing with the appropriate parties. Explain in detail why Columbia should not begin the EAP when collection begins.

c. Explain why it was deemed necessary to allow the Parties until October 1, 2003 to finalize the program details. Include in this explanation why the program details could not be finalized by March 1, 2003.

4. a. Explain in detail why the requirement that the EAP surcharge be a separate line item on the bill is not mentioned in the Joint Stipulation.

b. Are the Parties willing to acknowledge in the revised tariffs that the EAP surcharge will be disclosed as a separate line item on the applicable customers bills? Explain the response.

5. Paragraphs 2(g) and 4 describe the provision proposed to be added as Tariff Sheet No. 51c that will provide $300,000 in annual funding for the Gas Technology Institute (GTI).

a. Explain why such funding of GTI is warranted.

b. Explain the derivation of the proposed $300,000 funding level.

c. Explain why the proposed funding level is established at a fixed amount of $300,000 with a true-up for the prior year as opposed to a fixed per Mcf unit charge that provides a level of funding approximating $300,000 with no true-up provision.

d. Provide the total amounts collected from Columbia s customers via its Gas Cost Adjustment s (GCA) recovery of the amounts charged by its pipeline suppliers for each year 1997 through 2001 and 2002, year-to-date.

e. Provide the amounts expected to be collected from Columbia s customers each year from 2002 through 2004 through its GCA and its pipelines riders to their transportation rates as filed with the Federal Energy Regulatory Commission.

f. Explain why the proposed rider does not include an adjustment or some recognition of the amounts collected via Columbia s GCA and its pipelines riders to their transportation rates through 2004.

g. Explain how Columbia will determine which research projects will be funded with the money collected in the proposed rider. Discuss whether the determination will be made solely by Columbia or whether its parent company and/or other Columbia system companies will participate in the decision-making process.

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DATED: October 14, 2002

cc: All Parties