COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF COLUMBIA GAS OF KENTUCKY, INC. TO IMPLEMENT A SMALL VOLUME GAS TRANSPORTATION SERVICE, TO CONTINUE ITS GAS COST INCENTIVE MECHANISMS, AND TO CONTINUE ITS CUSTOMER ASSISTANCE PROGRAM	)	CASE NO. 1999-00165

<u>FIRST DATA REQUEST OF COMMISSION STAFF</u>
<u>TO COLUMBIA GAS OF KENTUCKY, INC.</u>

Columbia Gas of Kentucky, Inc. (Columbia), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due July 24, 2003. 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. Refer to Columbia s motion to terminate its small volume transportation program (Choice Program). The second full paragraph on page 3 indicates that customers participating in the Choice Program pilot had, through March 31, 2003, paid a total of $3.4 million more in gas costs than they would have paid had they remained

Columbia sales customers. The paragraph also indicates that participants in the Choice Program pilot had paid $800,000 more in gas costs through March 31, 2002.

a. The Choice Program began in the fall of 2000. Provide a similar comparison of what program participants paid through March 31, 2001 in gas costs versus the amount they would have paid as Columbia sales customers.

b. Explain why the over payment by Choice Program participants cited in the paragraph quadrupled over a 12-month period (March 2002 to March 2003).

c. Provide all necessary calculations, workpapers, spreadsheets, etc. that show the derivation of the $3.4 million difference between what Choice Program participants have paid through March 31, 2003 versus what they would have paid during that period if they had remained Columbia sales customers. Include a narrative description of the calculations, workpapers, spreadsheets, etc.

2. Refer to page 4 of Columbia s motion to terminate the Choice Program. The first sentence in the first full paragraph discusses Columbia s stranded costs and states that Columbia will likely incur substantial stranded costs that it will not be able to recover if the program continues beyond March 31, 2004. That paragraph states that Columbia s stranded costs were over-funded by $1.67 million through March 31, 2003, while Attachment 2 to the motion indicates that the over-funding is projected to grow to $2.22 million through March 2004.

a. With the over-funding expected to grow by $500,000 through March of 2004, explain why continuing the program beyond that point will likely cause Columbia to incur substantial stranded costs that it will not be able to recover.

b. Provide all calculations, workpapers, spreadsheets, etc. that show the amount of additional stranded costs and off-setting revenues Columbia expects to experience from March 31, 2004 through October 31, 2004.

3. Pages 4 through 6 of the motion describe how gas storage arrangements impacted Columbia s choice of March 31 as the date it hopes to terminate the Choice Program. This description outlines the issues that Columbia and participating marketers would face in preparing for termination on October 31, 2004, which is presently contemplated under the Commission-approved term of the Choice Program pilot.

a. The motion s introduction indicates that, in addition to the parties that collaborated with it in developing the pilot program, Columbia also advised each of the marketers participating in the Choice Program pilot of its intent to file the motion to terminate the program. To what extent did Columbia discuss with the marketers its concerns about making storage arrangements for the 2004-2005 winter if the pilot were continued to October 31, 2004?

b. If Columbia and the marketers participating in the Choice Program could reach an equitable agreement on making the necessary storage arrangements for the 2004-2005 winter, would Columbia still seek approval for an early termination of the pilot Choice Program? Explain the response in detail.

4. Refer to pages 6 and 7 of Columbia s motion, which discuss its proposal to restore the gas cost incentive mechanism (GCIM) provisions of its tariffs to what existed prior to the implementation of the pilot Choice Program.

a. Since the original approval of Columbia s GCIM, the Commission has approved more comprehensive gas procurement incentives for Louisville Gas and

Electric Company and Atmos Energy, Inc. To what extent has Columbia considered a more comprehensive incentive approach than what s included in its GCIM?

b. As the motion states, the sharing ratios in the GCIM were modified as part of the pilot Choice Program. Explain why Columbia believes the sharing ratios should be changed back to their previous levels, which results in a smaller percentage of revenues being credited to customers through Columbia s gas cost adjustment.

Thomas M. Dorman
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DATED: _July 10, 2003___
cc: All parties