

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,)	CASE NO.
TO CONTINUE ITS GAS COST INCENTIVE)	1999-00165
MECHANISMS, AND TO CONTINUE ITS)	
CUSTOMER ASSISTANCE PROGRAM)	

ORDER

On June 6, 2003, Columbia Gas of Kentucky, Inc. (Columbia) filed a motion seeking approval to terminate its pilot Customer Choice Program (Choice Program) on March 31, 2004, or 7 months prior to the scheduled termination date of October 31, 2004, a date originally proposed by Columbia and approved by the Commission. Upon receipt of that motion, the Commission reopened this docket. Columbia stated that its main reason for proposing early termination was that customers, in total, had not saved money under the Choice Program. Columbia stated that, through March 31, 2003, customers participating in the Choice Program had paid \$3.4 million more in gas costs than they would have paid if they had not participated in the program.

Several parties have filed letters or comments opposing Columbia s motion. Interstate Gas Supply, Inc. (IGS), the largest marketer participating in the Choice Program, has disputed Columbia s claim and stated that its customers have saved money by participating in the Choice Program. Through Orders dated June 26 and

July 15, 2003, the Commission established a procedural schedule, the initial steps of which included two rounds of interrogatories.¹

On August 12, 2003, Columbia filed to withdraw its motion to terminate its pilot Choice Program effective March 31, 2004. In its August 12 filing Columbia requests that the term of the pilot Choice Program be extended to March 31, 2005, 5 months beyond the approved October 31, 2004 termination date. Columbia states that it seeks to withdraw its motion in light of concern expressed by other parties about the proposed termination of the program. It further states that extending the program by 5 months, through the end of the 2004-2005 heating season, will avoid the operational and storage problems associated with the existing termination date, problems it had cited in its motion to terminate, and will allow the parties to discuss issues associated with the future of the Choice Program once the pilot phase comes to its new scheduled termination date of March 31, 2005.

Along with the withdrawal of its motion to terminate and its request to extend the pilot program, Columbia requests that the procedural schedule be rescinded. In addition to the aforementioned interrogatories, the procedural schedule includes a requirement that the parties file briefs on whether the Commission has the statutory authority to require Columbia to continue the Choice Program and a public hearing on September 18, 2003. Columbia states that upon receiving approval of its motion, it will file revised tariffs reflecting the new termination date of the pilot Choice Program. On August 15, 2003, IGS filed comments stating its support for Columbia's withdrawal of its

¹ The Commission Staff issued two rounds of interrogatories to both Columbia and IGS. Responses to the second round of interrogatories were due August 18, 2003.

motion to terminate the pilot program early and its request to extend the pilot program to March 31, 2005. On August 19, 2003, the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties (CAC) made a filing stating its support of Columbia s withdrawal filing and request to extend the program.

DISCUSSION

Columbia s motion for early termination of the pilot Choice Program and the filings opposing that motion raised the issue of whether customers have benefited economically by participating in the program. While Columbia states that it is unaware of any party opposing the withdrawal, the issue of whether customers have or have not saved money from being in the Choice Program remains unresolved. As this issue was not resolved through responses to initial interrogatories, the Commission finds that the information requested in the Staff s supplemental interrogatories to Columbia and IGS should be provided to the Commission for review prior to issuing a decision on Columbia s withdrawal of its original motion. Given that Columbia s original motion to terminate the program early was based primarily on its claim that customers had paid more by participating in the Choice Program, the Commission finds that it would be premature to allow Columbia to withdraw that motion before resolving this issue.

Due to the timing and nature of Columbia s filing to withdraw, we find that the procedural schedule should be rescinded only as it relates to the filing of the briefs and the public hearing previously discussed. Therefore, the Commission will require that Columbia and IGS file the information requested in the Commission Staff s second round of interrogatories, within 7 days from the date of this Order. After its review of that information, the Commission will determine what additional steps, if any, should be

taken before ruling on Columbia's withdrawal of its original motion and its request to extend the pilot Choice Program to March 31, 2005.

With regard to the issue of whether customers have saved under the pilot program, the Commission believes that the other active marketer in the program that is an intervenor in this proceeding, CAC should submit information on whether the customers served by the CAC Buyers Club have saved money under the program. CAC should file any relevant information on this matter with the Commission within 7 days from the date of this Order.

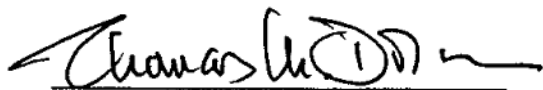
IT IS THEREFORE ORDERED that:

1. Columbia and IGS shall file their responses to the Commission Staff's August 5, 2003 data requests within 7 days from the date of this Order.
2. Beyond the filing of the responses required in Ordering Paragraph 1, the remaining steps in the existing procedural schedule are hereby rescinded.
3. Any decision on Columbia's withdrawal of its motion for early termination of the pilot Choice Program is reserved until the Commission can review the information provided in response to the August 5, 2003 data requests.
4. Within 7 days of the date of this Order, CAC shall state whether the customers served by the CAC Buyers Club have saved money under the Choice Program and shall file any and all information it has to support the statement.

Done at Frankfort, Kentucky, this 20th day of August, 2003.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. O'Dell", written over a horizontal line.

Executive Director