COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC. FOR AN ADJUSTMENT OF RATES	)))	CASE NO. 2007-00008

FIRST DATA REQUEST OF COMMISSION STAFF
TO INTERSTATE GAS SUPPLY, INC.

Interstate Gas Supply, Inc. (“IGS”), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before July 11, 2007. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

IGS shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which IGS fails or refuses to furnish all or part of the requested information, IGS shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the White Testimony, page 7. Mr. White states that bad debt expense should be handled either by adjusting the discount that Columbia Gas of Kentucky, Inc. ("Columbia") charges to purchase a marketer's account receivables or by removing it from base rates and collecting it through the gas cost recovery ("GCR") commodity costs.

a. Explain how bad debt expense is a commodity cost that is appropriate to include the GCR commodity costs.

b. If Columbia is purchasing IGS's account receivables and is then responsible for collecting or absorbing any bad debts in those receivables, explain how delinquent Choice customers are any different from Columbia's sales customers in terms of the bad debt expense.

c. Mr. White recommends removing the monthly billing fee and the 10 cent throughput fee. Are these fees charged to the marketers directly or are they a component of the customer's bill?

d. If IGS is billed directly for the billing fee and the throughput fee, explain how IGS passes these costs through to its Choice customers.

2. Refer to the White Testimony, pages 12 through 15.

a. Was Mr. White aware that the working capital allowance of $48,222,713 includes amounts for materials and supplies and prepayments?

b. Provide a schedule showing by month the volumes and dollar value of all gas injected into and withdrawn from storage by IGS for the months of September 2005 through September 2006 for its Choice program customers of Columbia.

c. In the event that IGS fails to provide sufficient volumes of natural gas for its Choice program customers, indicate who provides the natural gas to those customers on the Columbia system.

3. Refer to the White Testimony, page 13. Mr. White discusses excess gas that is injected into storage during the summer for use in the winter. When IGS or other marketers inject gas into storage for the Columbia Choice customers, do they inject gas into Columbia's storage system or do they inject it into another storage field not associated with Columbia?

4. Refer to the White Testimony, page 15. Mr. White provides an estimate of $.67 per Mcf as the credit for returning the working capital to suppliers who participate in the Choice program.

a. Explain how IGS would return this charge to its Choice customers.

b. Since Choice customers still receive one bill incorporating Columbia's delivery charge and IGS's gas cost, how would the credit be shown on the bill?

c. Mr. White states that uncollectible expense is in essence the bad debt of sales customers for commodity sales. The bill for a Choice customer includes

Columbia's minimum bill, Columbia's delivery charge, the marketer's gas cost, surcharges approved by the Commission and taxes. Explain how non-payment of a Choice bill would only be for the commodity cost and only for Columbia's sales customers.

d. Identify states with Choice programs that allow collection of uncollectible expense through the commodity cost.

5. Refer to the White Testimony, page 16.

a. Describe in detail the bad debt or uncollectible expense Choice program customers are paying to IGS.

b. When Columbia purchases the supplier receivables, does it assume all risk of collection, or does IGS still have that risk? Explain the response.

c. Does IGS include in its commodity pricing to Choice program customers a component to recover the 2.5 percent receivables discount from its customers? Explain the response.

6. Refer to the White Testimony, page 17. Mr. White states that currently Choice customers must pay an additional fee to include their supplier's commodity costs on their monthly invoice.

a. Provide the dollar amount of the fee that IGS passes onto its Choice customers for this service.

b. The Small Volume Gas Transportation Service section of Columbia's tariff does not include a fee for including the supplier's commodity cost on the monthly bill. Explain further what fee Mr. White is referring to and how this fee is assessed to Choice customers.

c. Explain the basis for the conclusion that the invoice belongs to the customer.

d. Provide a listing of the other non-commodity related services that are included on the invoice that Columbia does not charge an additional fee to provide.

e. Explain the basis for Mr. White's opinion that Columbia does not require a fee for these other non-commodity related services.

f. If the 10 cent throughput fee were eliminated, explain in detail why this would not result in all Columbia customers bearing the incremental costs of providing the Choice program, regardless of whether the customer was a participant in the program. In addition, explain why this is a reasonable approach for rate-making purposes.

Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED June 26, 2007

cc: All Parties