

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'S
SUPPLEMENTAL REQUESTS FOR INFORMATION
DATED AUGUST 5, 2016**

Q.2-1. Follow-up to Columbia's Response to Staff's Data Request Set One No. 029, Attachments A, B, and C and Columbia's Response to Staff's Data Request Set Two No. 65, Attachment B.

a. Please explain why Columbia attributes 400 Mcf of design day demand to the IS - Ind. rate schedule on the Design Day tab of the cost of service studies, although Schedules M.2.2 and M.2.3 show zero IS volumes.

b. Please identify which Class/Description presented in Schedules M.2.2 and M.2.3 corresponds to the SS - Com. and SS - Ind. rate schedules from the Design Day tab of the cost of service studies. If Schedules M.2.2 and M.2.3 show zero volumes for these rate schedules, please explain why Columbia attributes design day demand to these rate schedules on the Design Day tab of the cost of service studies.

Response:

- a. Rate schedule IS should not have been assigned any Dth in the design day requirements allocation. The 400 Dth should have been allocated to rate schedules DS (300 Dth) and ML-DS (100 Dth). This reallocation has an immaterial impact on the results of the studies.
- b. Standby Service (SS) is an optional firm service that is available to Columbia's gas transportation customers that are on the DS, GDS, and DS-ML rate schedules.

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Q.2-2. Follow-up to Columbia's Response to Staff's Data Request Set One No. 029, Attachments A, B, and C. Please confirm that the IS – Ind., GDS – Com., GDS – Ind., DS – Com., and DS – Ind. schedules, including the GTS Flex Rates and GTS Special Rate, are considered to be interruptible by Columbia, consistent with the presentation on the Design Day tab of the cost of service studies. If not, please provide, for each schedule, the test year interruptible and firm throughput (Mcf) separately, and the test year interruptible and firm design day demand (Mcf) separately, in Excel format.

Response:

Excluding gas transportation service (GTS) customers who contract for firm demand Standby Service, all GTS customers are considered to be interruptible because their gas supply is provided on an interruptible basis upstream from Columbia's distribution system. Please refer to the response provided to KIUC

request 1-3 for the amount of firm standby demand by rate schedule included in the allocation of Columbia's DS/IS design day requirements.

For purposes of this case, all of the forecasted test year throughput for GTS customers is considered interruptible.

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Q.2-3. Follow-up to Columbia's Response to Staff's Data Request Set One No. 029, Attachments A, B, and C.

a. For the DS/IS class total design day demand of 82,400 Mcf stated on the Design Day tab of the cost of service studies, please separately state the Mcf attributable to the GTS Flex Rates, GTS Special Rate, and the standard GTS Delivery Service customers, as well as the Mcf attributable to any other schedules included in the total DS/IS demand of 82,400 Mcf.

b. For the DS/IS class design day demand excluding interruptible volumes of 3,900 Mcf stated on the Design Day tab of the cost of service studies, please separately state the Mcf attributable to the GTS Flex Rates, GTS Special Rate, and the standard GTS Delivery Service customers, as well as the Mcf attributable to any other schedules included in the DS/IS demand of 3,900 Mcf.

Response:

a. Please see the table below.

<u>GTS Flex Rates</u>	<u>Dth</u>
DS - FX1	5,100
DS - FX2	6,900
DS - FX7	1,200
<u>GTS Special Rate</u>	
DS - SC3	16,000
<u>GTS Delivery Service</u>	
DS - DS	52,800
DS- IS	<u>400</u>
Total DS/IS Design Day	82,400

b. The 3,900 Dth referenced are firm Standby Service volumes and not interruptible. Please see the table below.

<u>GTS Flex Rates</u>	<u>Dth</u>
DS - FX1	5,100
DS - FX2	6,900
DS - FX7	1,200
<u>GTS Special Rate</u>	
DS - SC3	16,000
<u>GTS Delivery Service</u>	
DS - DS	48,900
DS- IS	400
<u>GTS Standby Service</u>	
DS - DS	3,000
DS - GDS	<u>900</u>
Total DS/IS Design Day	82,400

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Q.2-4. Follow-up to Columbia's Response to Staff's Data Request Set One No. 029, Attachment B. Please explain why Columbia believes it is appropriate to include interruptible volumes in the calculation of the Design Day demand allocator (which is incorporated into Factor No. 5).

Response:

It is appropriate to include interruptible (i.e. non-firm) volumes in the design day demand allocator because Columbia's distribution system was designed and constructed to provide enough capacity to accommodate both interruptible load and firm load under design day conditions. Columbia's gas transportation service is interruptible only to the extent of the availability of pipeline capacity upstream of Columbia's distribution system. During peak day conditions, Columbia is capable of delivering non-firm customers' gas supply as long as those customers can get their supply to Columbia's system. As such, it would be illogical to exclude non-firm volumes in the design day allocator because Columbia has built its

system to serve non-firm load during peak day. Excluding non-firm volumes from the design day allocator would effectively assign zero demand cost responsibility to non-firm customers for their peak day demand. Firm customers should not subsidize non-firm customers by bearing the majority of the cost of a distribution system that was built to serve both firm and non-firm loads during design day conditions.

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Q.2-5. Follow-up to Columbia's Response to Staff's Data Request Set Two No. 65,
Attachment B. Please provide, in Excel format, the DS/IS annual test year volumes
(Mcf) that correspond to each of the following customer monthly usage blocks:

- First 2,000 Mcf per month
- Next 2,000 Mcf per month
- Next 2,000 Mcf per month
- Next 2,000 Mcf per month
- Next 2,000 Mcf per month
- Next 10,000 Mcf per month
- Next 10,000 Mcf per month
- Next 10,000 Mcf per month
- Next 20,000 Mcf per month
- Next 20,000 Mcf per month
- Next 20,000 Mcf per month
- Next 20,000 Mcf per month
- Over 120,000 Mcf per month

The total Mcf volumes included in Columbia's response should sum to the DS/IS
volumes of 6,897,867.4 Mcf presented on the Rate Design MBP-1 tab of the
CKY_R_PSCDR2_NUM65_Attachment_B_072216 file (i.e. not including the GTS
Flex Rates or GTS Special Rate volumes).

Response:

Please see KIUC 1-5 Attachment A to this response, filed in the docket as CKY_R_KIUCDR1_NUM5_ATT_A_081916.xlsx, for the forecasted test year volumes by block for rate schedules DS/IS.

Columbia Gas of Kentucky, Inc.
 DS/IS Forecasted Test Year Volumes by Block
 (MCF)

	<u>Commercial</u>	<u>Industrial</u>	<u>Industrial - Adjustment¹</u>	<u>Total</u>
First 2,000 Mcf	642,082.4	796,543.6	-	1,438,626.0
Next 2,000 Mcf	985,270.4	1,383,556.6	-	2,368,827.0
Next 2,000 Mcf	1,146,172.8	1,827,458.1	-	2,973,630.9
Next 2,000 Mcf	1,238,075.0	2,169,407.4	-	3,407,482.4
Next 2,000 Mcf	1,304,290.0	2,411,186.0	(120,000.0)	3,595,476.0
Next 10,000 Mcf	1,380,570.0	3,223,538.4	(120,000.0)	4,484,108.4
Next 10,000 Mcf	1,380,570.0	3,723,981.4	(120,000.0)	4,984,551.4
Next 10,000 Mcf	1,380,570.0	4,081,879.4	(120,000.0)	5,342,449.4
Next 20,000 Mcf	1,380,570.0	4,642,371.4	(120,000.0)	5,902,941.4
Next 20,000 Mcf	1,380,570.0	4,923,745.4	(120,000.0)	6,184,315.4
Next 20,000 Mcf	1,380,570.0	5,071,765.4	(120,000.0)	6,332,335.4
Next 20,000 Mcf	1,380,570.0	5,071,765.4	(120,000.0)	6,332,335.4
Over 120,000 Mcf	1,380,570.0	5,637,297.4	(120,000.0)	6,897,867.4