

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter of:

APPLICATION OF COLUMBIA GAS	)	
OF KENTUCKY, INC. FOR AN	)	CASE NO. 2016-00162
ADJUSTMENT IN RATES	)	

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**MOTION OF STAND ENERGY CORPORATION TO INTERVENE OUT-OF-TIME  
AND  
REPLY TO THE OBJECTION AND RESPONSE OF COLUMBIA GAS OF  
KENTUCKY, INC. TO STAND ENERGY'S MOTION TO INTERVENE**

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Stand Energy Corporation ("Stand Energy"), by and through the undersigned counsel, moves the Kentucky Public Service Commission to intervene beyond the time set by Commission Scheduling Order in this General Rate Case filed by Columbia Gas of Kentucky. This Motion is filed after the June 27<sup>th</sup> deadline because other time-sensitive transactional matters at Stand Energy Corporation required General Counsel's attention during the 17 days allowed by the Commission for filing of Motions to Intervene in this case. Stand Energy agrees to abide by the existing procedural schedule.

***Stand Energy Filed A Motion To Intervene on July 1, 2016.***

Stand Energy filed its motion and memorandum to intervene on July 1, 2016, not aware the deadline was June 27, 2016 and therefore did not file a motion requesting leave to file out-of-time. Stand Energy also mistakenly cited two outdated legal authorities (in addition to the correct citation), for its authority to intervene. The incorrect legal citations were the result of excusable neglect and ignorance by counsel regarding changes to the Kentucky Administrative

Regulations and statute governing interventions. Absolutely no prejudice of any kind to any party in this case occurred because Stand Energy filed a motion to intervene after June 27, 2016.

**Stand Energy did not incorrectly state facts in its Motion as alleged by Columbia at p. 5, or “misquote” the Commission as alleged at (p. 6), of its Objection and Response.**

Actually, Columbia incorrectly cited the Commission’s Final Order in the 2010 case at p. 5 of its Objection and Response by claiming a quotation exists on page 16 of the Final Order **which does not.** In Columbia’s counsel’s own words, any party who injects “misquoted legal authorities can do nothing but unduly complicate and disrupt this rate proceeding.” Objection and Response p.7.

Stand Energy’s opinion on the scope of the legislature’s direction to the Commission regarding natural gas issues in 2010 is just as valid as Columbia’s. It was not stated as fact. There has not yet been a determination of which opinion is correct. The result in this case will further demonstrate the pace of the actual review of the Columbia CHOICE and Delivery Service Transportation programs and the actual improvements, if any, that have come from those reviews. The record will show whether any meaningful review of the Columbia Delivery Service minimum threshold occurred in Columbia’s last general rate case, and if so, whether that level of review was sufficient to satisfy the legislative directive without changing the threshold?

### **The Changing Rules On PSC Intervention.**

Upon review, the rules of this Commission, especially regarding intervention of parties, have changed more than once over the last few years. This is a historical fact that the new Commissioners may not know. Like most people, Stand Energy sometimes has difficulty hitting a moving target. The previous denials of Stand Energy motions to intervene in natural gas

cases before the Kentucky PSC were listed by Columbia Gas at pages 2 – 4 of its “Objection and Response”. These denials were either based on language that no longer exists in the regulations or different factual circumstances existed. Previous denials of requests to intervene are no more binding upon the Commission in this case than previous cases where the Commission allowed Stand Energy to intervene and participate are binding. Each decision was based upon the law at the time and the facts presented.

Stand Energy’s position is that since the legislature required a proceeding to investigate competition in natural gas over five (5) years ago, nothing of substance has been accomplished. Columbia Gas of Kentucky, Inc.’s opinion is the “goal” of reviewing Columbia’s thresholds was “accomplished as to Columbia” in its last rate case 2013-00167 and “no further examination of transportation thresholds is necessary or appropriate in this case.” The new Commissioners should be told that nothing of material substance related to Columbia’s Delivery Service transportation thresholds changed as a result of the last Columbia general rate case and the forced assignment of interstate pipeline capacity by Columbia to CHOICE Suppliers is still a CHOICE program requirement. Stand Energy believes that merely claiming to have reviewed a program without making any substantive changes is not likely to satisfy the legislative directive.

**Stand Energy and Columbia Gas are not Competitors.**

Although Columbia Gas labels Stand Energy a “competitor” of Columbia at pages 2 and 6 of its Objection and Response, this is a red-herring issue. Columbia Gas cannot, by law, make a profit on the sale of natural gas to customers. Columbia makes it’s money collecting the Commission-approved distribution rates on every customer served regardless of who supplies the natural gas. So Stand Energy and common sense oppose Columbia’s statement alleging the

companies are in “competition”. In addition, Kentucky is the only state where Columbia Gas ever objects to gas marketer’s interventions in their gas filings and the only state where Stand Energy has ever seen Columbia Gas make the argument that gas marketers are competitors. In fact, it is gas marketers such as Stand Energy that have consistently advocated for increased competition among actual competitors behind Columbia Gas of Kentucky to occur as directed by the Kentucky legislature. For more competition to occur, *some changes to the existing Columbia Delivery Service transportation program and CHOICE program* are required.

**The Columbia CHOICE program partially subsidizes the Columbia pipelines.**

This is a true statement notwithstanding the fact that NiSource no longer retains a stock ownership interest in Columbia Pipeline Group. (Columbia Objection and Response, p. 6). It’s an issue of gas suppliers being forced to buy interstate pipeline capacity from Columbia not the issue of whose bank account ultimately receives the money. Whether or not NiSource truly no longer retains an interest (financial or otherwise) in the Columbia pipelines, the Columbia CHOICE program still forces suppliers to purchase capacity on its uneconomical Columbia Gas Transmission and Columbia Gulf pipeline contracts to deliver CHOICE customer gas to Columbia Gas of Kentucky Inc. The payments are revenue to the respective Columbia pipelines. This is an issue that urgently needs to be discussed, especially considering the recent *Columbia pipeline transactions*.

**Stand Energy Will Assist The Commission.**

Exhibit 1 to Stand Energy’s Motion and Memorandum to Intervene is ten (10) pages of information released by the U.S. Energy Information Administration (EIA) on May 31, 2016 on average commercial gas prices by LDC’s vs. Marketers in nine states. According to this data

from the U.S. Government for 2010, seven out of nine (7/9 = 77%) of states surveyed had a lower marketer average price of gas vs. the average LDC price of gas for commercial customers which includes industrial customers. This government data supports Stand Energy's position.

EIA Data was used in the 2010 Investigation case to support the PSC Staff recommendation to the Commission against expanding the Columbia CHOICE program to other regulated Kentucky gas utilities. One of the reasons stated in the Final Report was because the EIA data showed the LDC gas price being lower than the marketer price in most states.

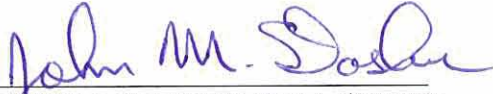
EIA Data on Commercial and Industrial accounts in Stand Energy Exhibit 1 issued this past spring supports the argument that usage thresholds for Delivery Service to transport gas on the Columbia Gas of Kentucky system should be lowered to allow more commercial customers to take advantage of lower gas commodity prices to transport customer owned gas because it most often saves customers money. It is not logical for the Commission to adopt one set of Energy Information Agency (government) statistics as a reason for not expanding customer CHOICE but then not similarly adopt the same government agency statistics (Exhibit 1) that show lower gas prices for commercial and industrial customers served by marketers vs. the LDC in 7/9 states surveyed.

Stand Energy also provided the Commission the facts that Columbia Gas of Kentucky, Inc. has the highest annual Delivery Service usage threshold required for customers to transport gas of any Columbia Gas LDC. More than Columbia Gas of Virginia; Columbia Gas of Ohio; Columbia Gas of Pennsylvania and Columbia Gas of Maryland. Columbia Gas of Kentucky requires annual usage of over 25,000 Mcf per year. Any customer using less than 25,000 Mcf is not eligible to transport their own gas on the Columbia Gas of Kentucky Delivery Service system under current rules. Why is the Kentucky minimum Delivery service usage requirement, 25,000

Mcf when the Columbia Gas of Pennsylvania Delivery Service has no minimum threshold?  
Please note that Stand Energy mistakenly indicated the Columbia Gas of Pennsylvania minimum Delivery Service threshold was 6,281 Mcf in the Memorandum supporting its Motion to Intervene at pgs 7 and 8. The actual minimum is zero which makes the Kentucky threshold of 25,000 Mcf something that needs to be well explained.

**WHEREFORE**, Stand Energy Corporation respectfully requests that the Commission grant its Motion to Intervene previously filed for the reasons stated and discussed herein.

Respectfully Submitted,

  
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### **CERTIFICATE OF SERVICE**

I hereby certify that Stand Energy Corporation's July 14, 2016 electronic filing with the Commission is a true and accurate copy of Stand Energy's Motion To Intervene Out of Time and Reply to the Objection and Response of Columbia Gas of Kentucky, Inc. to Stand Energy's Motion to Intervene to be filed in paper medium with the Commission and the foregoing was served by electronic mail this 14th day of July 2016 with the Read 1<sup>st</sup> transmittal letter to the Commission and to the following:

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