

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF COLUMBIA)	
GAS OF KENTUCKY, INC. TO EXTEND ITS)	CASE NO.
SMALL VOLUME GAS TRANSPORTATION)	2021-00386
SERVICE)	

**RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUEST FOR
INFORMATION TO COLUMBIA GAS OF KENTUCKY, INC.**

Filed: August 18, 2023

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF COLUMBIA
GAS OF KENTUCKY, INC. TO EXTEND ITS
SMALL VOLUME GAS TRANSPORTATION
SERVICE

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)
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Case No. 2021-00386

VERIFICATION OF JUDY COOPER

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FAYETTE)

Judy Cooper, Director of Regulatory Affairs of Columbia Gas of Kentucky, Inc., being duly sworn, states that she has supervised the preparation of responses to data requests in the above-referenced case and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

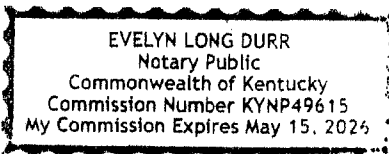
Judy Cooper
Judy Cooper

The foregoing Verification was signed, acknowledged and sworn to before me this 18th day of August, 2023, by Judy Cooper.

Evelyn Long Durr

Notary Commission No. KYNP49615

Commission expiration: 05/15/2026



COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S POST-HEARING REQUEST FOR INFORMATION
DATED JULY 31, 2023

1. For the NiSource, Inc. affiliates in other jurisdictions that offer unbundled natural gas services, provide a discussion of the information provided on utility web sites. The information should include how many steps or "clicks" the customer must make to access a relevant comparison of their bills between the utility gas cost rate, if applicable, or the rates of all competitive providers if the utility has exited the merchant function. The response should be sufficient to indicate whether there are direct links to customer specific usage and marketer rate offers. Also include the location of customer information on commodity pricing and the location and functionality of rate comparison calculators.

Response:

Please refer to 2021-00386 PSC Staff Post-Hearing Request No. 1 Attachment A for a full description of the steps for each website and views of the relevant pages that are accessible by clicking on the associated link in the column labeled "Example" for each "Step".

ATTACHMENTS
ARE EXCEL
SPREADSHEETS
AND UPLOADED
SEPARATELY

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S POST-HEARING REQUEST FOR INFORMATION
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2. The presentation involving customer bills during the July 26, 2023 hearing in this matter showed a Message Board on a customer bill that included information on the Customer Choice program. Provide the date the CHOICE program information was added to the Message Board, and whether it is currently included on all customer bills for non-Choice customers.

Response:

The CHOICE program information was added to the Message Board effective Unit 1 November 2017 billing cycle per Final Order Case No. 2017-00115. It is included on all Choice and Choice eligible customer bills.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S POST-HEARING REQUEST FOR INFORMATION
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3. Provide properly redacted copies of the CHOICE program participant and full-requirements customer bills displayed during the presentation made by Columbia Kentucky at the July 26, 2023 hearing.

Response:

Please refer to 2021-00386 PSC Commission Staff Post-Hearing Request No. 3 Attachment A for the bill of the CHOICE program participant. The bill of the tariff sales customer is missing from the file and will be provided in a separate response as soon as possible.



Account Number: [REDACTED]
Statement Date: 10/24/2022
2621
Page 1 of 3

Contact Us

- Phone**
Emergency Service 24/7
1-800-432-9515
For gas leaks or odors of gas

Customer Call Center Hours
1-800-432-9345
7 a.m. - 7 p.m. Mon. - Fri.

For hearing-impaired relay call 711.
- Web**
Make payments and access your account at ColumbiaGasKY.com
- Payments 24/7**
Pay by check, credit/debit card, PayPal, Amazon Pay, Venmo. Call 1-866-694-1828 (Paymentus convenience fee may apply)
- Mail Payments**
Columbia Gas of Kentucky
PO BOX 4660
Carol Stream IL 60197-4660
- Authorized Payment Locations**
Find locations online at ColumbiaGasKY.com

Account Profile

Customer Name: [REDACTED] **Your Contact Information:** [REDACTED] **Type of Customer:**
Residential
Customer CHOICE Program
Optional Services Non-Utility

Account Number: [REDACTED]

- Is your contact information correct? Make all changes on the reverse side.

Account Summary

Previous Amount Due for Utility Service on 10/06/2022	\$21.54
Previous Amount Due for Optional Services Non-Utility on 10/06/2022	\$4.99
Payments Received for Utility Service by 10/06/2022 Thank you	-\$21.54
Payments Received for Optional Services Non-Utility by 10/06/2022 Thank you	-\$4.99
<hr/>	
Balance on 10/21/2022	\$0.00
Charges for Gas Service This Period	+\$86.00
Current Charges for Optional Services Non-Utility	+\$4.99

Current Charges Due by 11/04/2022 \$90.99

- If paid after 11/04/22, a late payment charge of 5% may be applied to your utility balance.
- For more information regarding these charges, see the Detail Charges section.

Financial Support

If you are struggling to pay your bill we can help. Flexible payment plans are available to customers experiencing a financial hardship. Any customer who is having trouble paying their bill should visit ColumbiaGasKY.com or call 1-800-432-9345 to learn about payment arrangements and/or financial assistance programs.

Optional Services

Failure to pay charges for unregulated services will not result in disconnection of your regulated utility service.

Your Safety

In case of an emergency, such as odor of gas, carbon monoxide or fire:

1. Leave the area immediately.
2. Leave windows and doors in their positions and avoid doing anything that could cause a spark.
3. From a safe area, call **911** and Columbia Gas at **1-800-432-9515**.

Always Call 8-1-1 Before You Dig

If you're planning a home or landscaping project, call Kentucky 811 at 8-1-1 at least two business days before digging. A representative will mark the approximate location of underground utility lines for free.



Employee Identification

All of our employees and contractors carry photo identification. If someone claims to represent us, ask to see identification. Call the police if you see suspicious activity.

Message Board

- We've made it easier for you to sign up for paperless billing! Enjoy the convenience of managing your account online! You will receive monthly email alerts, have 24/7 account access and up to two years of past bills and payment history. Sign up at GoPaperFreeToday.com!
- Never worry about missing a payment or writing a check again by enrolling in Automatic Payment today at ColumbiaGasKY.com.
- Take the seasonal highs and lows out by dividing your yearly energy use into 12 equal monthly payments - for budgeting that's a whole lot easier. Enroll today at ColumbiaGasKY.com/Budget.
- Natural gas prices for participating Customer CHOICE Program suppliers can be found at <http://psc.ky.gov/Home/ColumbiaChoice>.

▼ Please fold on the perforation below, detach and return with your payment.

Web
ColumbiaGasKY.com

Phone
1-800-432-9515

Account Number: [REDACTED]
Amount Due by 11/04/2022: \$90.99

Amount Enclosed: \$

P.O. Box 14241
Lexington, KY 40512-4241



Make check payable to:
COLUMBIA GAS
PO BOX 4660
CAROL STREAM IL 60197-4660

Account Number: [REDACTED]
 Statement Date: 10/24/2022
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Helpful Definitions

Customer Charge covers a portion of the fixed costs required to ensure that natural gas service is available to your home. This amount is the same with each bill.

Estimated Readings are calculated based on your typical monthly usage rather than on an actual meter reading.

Gas Delivery Charges are the costs of delivering the gas to retail customers. The charges for these services are regulated and these services must be purchased from Columbia Gas.

Mcf is equal to 1,000 cubic feet and is used to measure your gas usage.

Legal Information

Rate Schedule

Information about rate schedules is available upon request or at ColumbiaGasKY.com.

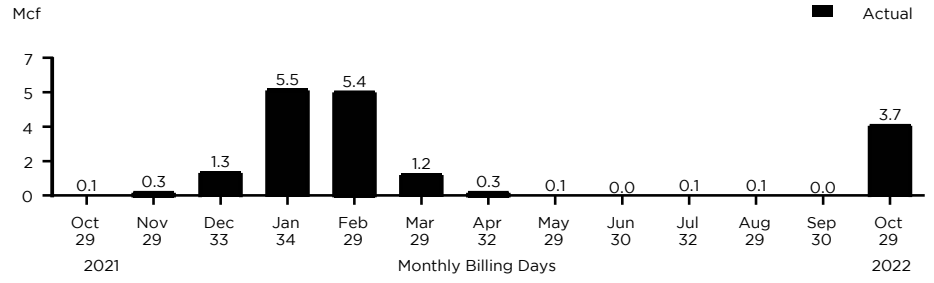
Bankruptcy Notices

Mail to Columbia Gas of Kentucky, Revenue Recovery, PO Box 117, Columbus, OH 43216.

Other Correspondence (except payments)

Mail to Columbia Gas of Kentucky, P.O. Box 2318, Columbus, OH 43216-2318 or contact us at ColumbiaGasKY.com.

13 Month Usage History



Meter Number:

[REDACTED]

Service Address:

[REDACTED]

Meter Readings - 29 Billing Days

Actual Reading on 10/21	2942
Actual Reading on 9/22	2905

Gas Used (Mcf) **3.7**

Usage Comparison - Mcf

Month	Mcf	Avg Temp	Mcf Per Day
Oct 21	0.1	64.1°	0.0
Sep 22	0.0	73.4°	0.0
Oct 22	3.7	56.6°	0.1

Your Average Monthly Usage = 1.5 Mcf.
 Your Total Annual Usage = 18.0 Mcf.
 Your next meter reading date is 11/21/2022.

Detail Charges

Customer Charge	\$19.75
Gas Delivery Charge	\$19.44
Delivery - Columbia Gas of Kentucky	
	+\$39.19
Customer CHOICE Program	
Gas Supply Cost 3.7 Mcf at \$10.99000 per Mcf	\$40.66
Supply - IGS Energy	
	+\$40.66
Safety Modification and Replacement Program Rider	\$0.00
Energy Assistance Program Surcharge	\$0.30
Energy Efficiency and Conservation Rider	\$0.05
Research & Development Factor	\$0.05
Lex-Fay, Urban Govt. Franchise Fee	\$3.34
School Tax	\$2.41
Taxes & Fees	
	+\$6.15

Total Current Utility Charges

\$86.00

Customer CHOICE Program

You have chosen IGS Energy as your supplier in Columbia's CHOICE Program. For questions about your gas supply charges, please contact IGS Energy at 1-800-280-4474.

Change Contact Information

By providing Columbia Gas a telephone number, it enables us to call you about your utility service, future service appointments and other important information pertaining to your account and you're agreeing to receive auto dialed and prerecorded voice calls. Please notify us if you wish to opt out or if you no longer use this number. Thank you in advance.

Address

City

State Zip Code

Phone Number

Add or Edit Email

WinterCare Contribution

WinterCare, Columbia Gas of Kentucky's fuel fund program, is a fund of last resort for households who have exhausted all other sources of assistance and still have trouble paying their heating bills. The fund is administered by The Community Action Council and is supported through donations from customers and matching contributions from Columbia Gas.

* Your donation is tax-deductible.

Monthly Contribution

\$10 \$5 \$1

\$

One-Time Contribution

\$



Account Number: [REDACTED]
Statement Date: 10/24/2022
2621
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Optional Services Non-Utility Charges

These charges are service plan fees which are provided to you by the third party service provider(s) referenced below. The third party service provider(s) is not affiliated with Columbia Gas. The charges appear on your utility bill per your request. Any questions about Optional Services should be directed to the service provider, not Columbia Gas. Optional Services are not regulated utility services and are not provided or guaranteed by Columbia Gas or its affiliates. Your participation in a service plan in no way affects the utility service you receive from Columbia Gas. These service plans are intended for homeowners. Failure to pay Optional Service charges will not result in the interruption or termination of your utility service by Columbia Gas.

CSP offered by HomeServe

CSP Gas Line Plan (CSP Tel. 1-888-442-7349)

\$4.99

**Current Optional Services Non-Utility
Charges**

\$4.99



COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S POST-HEARING REQUEST FOR INFORMATION
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4. Provide the steps necessary for CHOICE program customers to move service to a new location, including the retention of their chosen gas supplier and/or contract. If the process of moving CHOICE program customers and retaining the marketer information has changed, provide the details of the change, when and why it was made, and an explanation of the original process. If the current process causes customers to be disconnected with their chosen supplier or their current contractual arrangement, explain why this is the case.

Response:

A CHOICE customer who requests that service be moved to a new location within the Columbia Gas of Kentucky territory must contact the marketer and provide the new service address and customer account number to establish a new contract. Mrs. Cooper's testimony at the hearing in this matter as to the process she thought applied in this situation, actually only applied to participants under the old Customer Assistance Program (low-income program) which preceded the current Home Energy Assistance Program.

The existing CHOICE enrollment with a marketer ends when service is disconnected because the customer account number is no longer valid. A valid account number is required for the account to be assigned to the marketer chosen by the customer. The last four digits of a customer account number change when moving from one address to another. At the time the service is established or re-established; customers will initially receive sales service from Columbia. Marketers receive a daily electronic file from Columbia which provides the information related to their customer's disconnect reason so the marketer is informed of the following reasons -

- Re-established an account at a new address
- Changed ownership
- Moved out of the Columbia Service Territory

The Supplier has the option to reach out to the customer directly to establish a new contract.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S POST-HEARING REQUEST FOR INFORMATION
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5. Provide the amount of incremental Performance-Based Rate (PBR) sharing that Columbia Kentucky would have realized over the last five years if CHOICE program volumes had been Columbia Kentucky commodity sales volumes.

Response:

Overall, opportunities for PBR activity are independent from CHOICE participation levels. Statistically, there is not a strong correlation between CHOICE participation, PBR savings / revenue or its individual components. The opportunity for PBR activity is driven by many market factors, such as pricing, storage levels, pipeline constraints, seasonal time spread values and an increasing level of international pressure on the U.S. natural gas industry. An increase in general service demand resulting from an absence of the CHOICE program does not guarantee an increase in PBR revenue for Columbia. Columbia performed an analysis of the impact on the individual components of the PBR over the last five years starting in July 2018 through June 2023 absent the CHOICE program. It is important to note that while CHOICE participation has steadily declined over this period, Columbia has realized periods of both increasing and decreasing PBR

activity during this same period. It is also important to note that the PBR is designed as a sharing mechanism for both gains and losses relative to published indices. Columbia did experience periods of zero revenue and revenue loss in the individual components during the five-year review period.

Columbia's PBR revenue consists of three main components. A Transportation Cost Incentive ("TCI"), an Off-System Sales Incentive ("OSSI") and a Gas Cost Incentive ("GCI"). In Columbia's analysis, the TCI and OSSI components would not have been impacted by the elimination of CHOICE participation because Columbia would have needed the capacity for the customers that would not have been CHOICE customers. Sales and Exchange revenue would not have been impacted given the ratable nature of how the current CHOICE supply is accounted for in the planning process and attempting to back cast this would be highly speculative.

The GCI analysis was performed using an assumption that an overall increase in general service demand absent the CHOICE program would increase GCI activity. In the analysis, GCI activity was increased by an amount correlated to the range of CHOICE participants' share of total demand (which ranged from 15% to 27% over the five-year review period), Columbia estimates that this would have resulted in an increase of GCI revenue post-sharing for Columbia of \$40,502. It bears repeating that this correlation is

merely an assumption made for purposes of responding to this discovery, and not based upon the experience of Columbia personnel.

In summary, a five-year back cast of PBR savings/ revenue for the period of July 2018 through July of 2023, using a number of backwards looking variables and assumptions, resulted in a five-year total after-share PBR revenue increase of \$40,502. Below is the table breaking out the annual impact of pre-share and after share revenue adjusted for the CHOICE demand. The table consist of the original and CHOICE adjusted pre-share amounts. The table also includes before and after gas cost adjustments per PBR methodology and finally the total after-share impact (which represents Columbia's share).

	Original GCI	Adjusted GCI	Variance GCI	Original Pre Share	Adjusted Pre Share	Variance Pre Share	Original CKY Share	Adjusted CKY Share	Variance CKY Share
Jul-2018 to Jun-2019	-\$91,486.84	-\$112,278.25	-\$20,791.41	\$8,251,769.04	\$8,230,977.63	-\$20,791.41	\$3,903,305.90	\$3,857,372.21	-\$45,933.69
Jul-2019 to Jun-2020	\$286,442.34	\$350,435.87	\$63,993.53	\$3,282,087.01	\$3,346,080.54	\$63,993.53	\$1,504,985.06	\$1,524,337.28	\$19,352.22
Jul-2020 to Jun-2021	\$490,019.28	\$591,518.81	\$101,499.53	\$5,570,938.62	\$5,672,438.15	\$101,499.53	\$2,576,146.11	\$2,599,234.42	\$23,088.30
Jul-2021 to Jun-2022	\$851,953.31	\$1,009,034.98	\$157,081.67	\$7,609,230.09	\$7,766,311.76	\$157,081.67	\$3,376,339.75	\$3,406,251.24	\$29,911.49
Jul-2022 to Jun-2023	\$978,742.92	\$1,134,940.05	\$156,197.13	\$11,849,462.64	\$12,005,659.77	\$156,197.13	\$5,272,656.54	\$5,286,740.02	\$14,083.48
Total	\$2,515,671.01	\$2,973,651.46	\$457,980.45	\$36,563,487.40	\$37,021,467.85	\$457,980.45	\$16,633,433.35	\$16,673,935.16	\$40,501.81

COLUMBIA GAS OF KENTUCKY, INC.
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6. Explain the impact that CHOICE program customers returning to Columbia Kentucky commodity sales would have on Columbia Kentucky's sharing through the PBR mechanism. The explanation should include any estimated impact in the savings calculated under the individual Gas Cost Incentive (GCI) and Transportation Cost Incentive (TCI) PBR components. If the response is that there is no impact on the calculation of PBR savings and therefore no impact on Columbia Kentucky's sharing portion, explain why an increase in commodity sales volumes would not impact the PBR savings results.

Response: Please see Columbia's response to Staff's Post-Hearing Request for Information No. 5.

COLUMBIA GAS OF KENTUCKY, INC.
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7. With regard to the (\$74,321,995) savings from the CHOICE program discussed in the hearing and reported in Columbia Kentucky's 2023 Annual Report on the CHOICE program, which is the amount that CHOICE customers paid over and above Columbia Kentucky's gas cost over the duration of the program:

- a. Explain whether this could be considered the amount customers would be willing to pay to hedge their gas bills against fluctuations in the gas commodity market.
- b. Provide an estimate of what Columbia Kentucky would have paid, on a per Mcf basis, to hedge its gas cost during a period commensurate with that used to calculate the (\$74.3) million referenced above.
- c. Provide an annual breakdown of the (\$74.3) million savings, including the volumes served under the CHOICE program and total sales volumes.

Response:

- a. Columbia has no way of knowing the amount its customers would be willing to pay to hedge their gas bills against fluctuations in the gas commodity market.
- b. Columbia operated a hedging program as authorized by the Commission during the period from March 2005 to September 2014. Columbia submitted annual reports that were filed with and granted confidential treatment by the Commission. The information in those reports would show that Columbia's hedging activities resulted in gas cost savings to its customers in 2005. Otherwise, since it was first implemented, Columbia's hedging program resulted in an increase in gas costs that was passed through to its customers. In Case No. 2013-00354 the Commission found that that any future benefit to customers in terms of reduced volatility and minimization of extreme price spikes did not appear to be sizable enough to justify extension of the hedging program. The Commission also found that Columbia had made every reasonable effort to comply with the express direction contained in the Commission's Orders in Admin. 384 and the Commission commended Columbia for those efforts. However, the Commission concluded that it was no longer reasonable to impose the cost attendant to hedging, to the extent there is net cost rather than net savings, to Columbia's customers and denied Columbia request to continue the program by Order issued September 17, 2014. Columbia is unable to estimate what a hedging program would have cost over any other time period.

- c. This information is contained in Columbia's Annual CHOICE Reports that have been filed in June each year and are on file at the Commission.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S POST-HEARING REQUEST FOR INFORMATION
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8. Describe all changes to Columbia Kentucky's CHOICE program from the time it was first approved in Case No. 1999-00165 up to and including the Commission's approval of its revised CHOICE program in Case No. 2004-00462.

Response: Columbia's CHOICE program was first approved, with modifications, by Commission Order dated May 19, 2000 in Case No. 1999-00165 as a pilot program to run through October 31, 2004. The Order required Columbia to notify the Commission if it intended to implement the Customer CHOICE program. Columbia accepted the terms of the Commission's approval and on May 26, 2000, advised the Commission that it intended to implement the Customer Choice program. The Commission's Order in Case No. 2004-00462 was issued on March 29, 2005. The following changes to Columbia's Customer CHOICE program occurred during the period from May 19, 2000 to March 29, 2005. Some changes were included in Case No. 1999-00165 and others were assigned different case numbers.

Case No. 1999-00165

The Customer Choice program was, (and still is), composed of two rate schedules in Columbia's tariff. Rate Schedule SVGTS – Small Volume Gas Transportation Service applies to residential and commercial customers and Rate Schedule SVAS – Small Volume Aggregation Service pertains to marketers. Originally, Rate Schedule SVAS described two phases for the Customer Choice program. In Phase I, marketers were not required to take assignment of capacity for customers participating in the program. In Phase II Columbia, at its discretion, could require marketers to take assignment of capacity only for those customers enrolled in the Customer Choice Program after Phase II was implemented. Columbia was required to submit annual reports to the Commission and advise the Commission in advance of its intent to implement Phase II.

On April 1, 2001, Columbia informed the Commission that it intended to commence Phase II of the Customer Choice program effective July 1, 2001. Phase II was planned as part of the original Customer Choice program to allow Columbia to manage its risk of financial exposure at the end of the program. Columbia implemented Phase II on July 1, 2001.

Case No. 2002-00117

On March 15, 2002, Columbia filed with the Commission proposed revisions to its SVAS tariff, to be effective April 15, 2002. The application was assigned Case No. 2002-00117.

The proposed revisions would require marketers in Columbia's Customer Choice program to accept mandatory assignment of capacity from Columbia for all of the marketer's customers, including customers enrolled before Columbia implemented Phase II. The original SVAS tariff required marketers to deliver firm supplies of natural gas to meet the daily requirements of their enrolled customers and allowed Columbia to require marketers to demonstrate that they have scheduled sufficient natural gas supplies to meet their customer loads. Columbia was unable to verify that marketers were in compliance with the required firm deliveries to serve their Phase I customers. The lack of such demonstrations by marketers prompted Columbia to make the March 15, 2002 tariff filing. Interstate Gas Supply, Inc. (IGS) and the Lexington-Fayette Urban County Government (LFUCG) were granted intervenor status. On November 13, 2002, Columbia filed a Joint Stipulation and Recommendation (Settlement) between it and IGS resolving the issues in this case. LFUCG filed a statement in support of the Settlement. Under the Settlement, volumes for Phase I customers would continue to be grandfathered, and marketers would take assignment of minimum levels of Columbia's storage and transportation capacity and undergo a prospective capacity audit. If a marketer failed to meet its capacity requirements, under the prospective audit procedure, Columbia would assign capacity to the marketer sufficient to meet the marketer's capacity shortfall and the marketer would be required to accept such assignment.

In addition, in response to a Commission Staff post-Settlement information request in Case No. 2002-00117, Columbia stated that it expected to complete its ongoing evaluation of the Customer Choice Program in the first quarter of 2003. On January 13, 2003, the Commission issued its Order in Case No. 2002-00117 approving the Settlement without modification. To assist the Commission in determining if the review it envisioned in Case No. 1999-00165¹ would be necessary, Columbia was instructed to file the results of its program evaluation no later than the filing date of its next annual report in June 2003 and clearly state if it intended to continue the Customer Choice Program until October 31, 2004 as approved in Case No. 1999-00165.

Program evaluation and 1999-00165 June 2003 Filing

On June 6, 2003, Columbia filed a Motion in Case No. 99-00165 stating it had completed its evaluation as required in Case No. 2002-00117 and believed the pilot program should not be continued, and in fact, should end several months early on March 31, 2004. This was seven months earlier than the authorized term of the pilot. On August 12, 2003, in light of concerns expressed by other parties, Columbia notified the Commission that it was withdrawing its Motion and at the same time, requested that the Commission extend

¹In Case No. 1999-00165, the Commission stated that it would review the pilot program after the program's third year. The Commission also stated that it would retain an outside consultant to review all aspects of the issue of a competitive marketplace and conduct a fully allocated cost-of-service study.

the Choice pilot program for an additional five months beyond the original termination date to March 31, 2005. This would enable the pilot program to operate through an additional winter, thereby minimizing Columbia's concerns about storage and stranded cost impacts if the pilot program were to end in October of a calendar year, and provide the parties with additional time to discuss the varied and complex issues associated with the future of the Choice program once the pilot program comes to its scheduled conclusion.

On September 25, 2003, in Case No. 1999-00165 the Commission issued its Order granting Columbia's motion to withdraw its petition for early termination of its pilot program and extending the Customer Choice program through March 31, 2005. The Commission stated it was encouraged that the parties would take the additional time to discuss the issues associated with the future of the Choice program and reminded Columbia and the other parties of the Commission's finding that an outside consultant should be retained after the third year of the pilot phase of the program to review all aspects of the Choice Program. It further stated that the decision for the pilot to continue through a fifth heating season would allow for a reasonable period of time to select a consultant and obtain a thorough, balanced assessment of the Choice Program pilot. Such an assessment was intended to assist the Commission in evaluating the various issues associated with the Choice Program prior to the revised termination date of the pilot.

Program evaluation and 1999-00165 March 2004 Filing

On March 22, 2004, the Commission sent a notification letter to inform Columbia that it was initiating the process to retain an external consultant to evaluate the Customer Choice pilot program. The evaluation was formulated in the Commission's Order of September 25, 2003 in Case No. 1999-00165. On April 20, 2004, Columbia responded to the Commission's letter. Columbia requested that the Commission postpone the audit process to allow it time to decide whether to let the term of the pilot Choice program expire on March 31, 2005, or to file a request to continue it with modifications. Columbia stated that it was planning to meet with interested parties prior to making such a decision. The Commission solicited comments from all parties. Comments were filed by IGS and the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC) supporting the postponement and suggesting it possible that the evaluation may or may not be needed. On July 20, 2004, the Commission issued an Order in Case No. 199-00165 granting Columbia's request to postpone the planned evaluation and requiring a status report within 60 days on Columbia's plans regarding the future of its Choice program.

Case No. 1999-00165 September 2004 Report of Columbia and October 2004 Order

On September 20, 2004, Columbia submitted the status report regarding the future of its Choice program as was required by the Commission's Order of July 20, 2004. Columbia

stated that it had contacted the Office of the Attorney General of the Commonwealth of Kentucky, LFUCG, CAC, and participating marketers to assess the interest in continuation of a small volume gas transportation program and what modifications might be beneficial for a new Choice program that would continue to provide benefits to customers and would be easier to administer for Columbia and the marketers. Columbia stated it hoped to file an application for a new Choice program by the end of October, 2004. On October 8, 2004 the Commission issued its Order extending the postponement of the planned evaluation of Columbia's pilot Choice program and requiring Columbia to file its application for approval of a revised Choice program by November 30, 2004.

Case No. 2004-00462

On November 30, 2004, Columbia filed its application for a new pilot Choice program to be effective April 1, 2005. The Commission approved Columbia's new voluntary pilot Customer Choice program by Order dated March 29, 2005 as proposed.

Marketer Changes in the Choice Program

During the period from May 19, 2000 to March 29, 2005, several marketers were withdrawn from participating in the program, both voluntarily and for cause.

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9. State whether any natural gas fired electric generators served by Columbia Kentucky are transportation customers. The response should include the number of generators served and the tariffs under which they are served.

Response:

Columbia serves one natural gas fired electric generator under its General Service Rate Schedule, so that customer is not a transportation customer. However, Columbia could be providing service to transportation customers who utilize natural gas-powered generators without Columbia's knowledge. For example, some hospitals may utilize a natural gas generator during periods of electricity outage. Columbia does not track information about the use of customer generators.