

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

In the matter of: : CASE NO. 2024-00092

THE ELECTRONIC APPLICATION OF :
COLUMBIA GAS OF KENTUCKY, INC. :
FOR AN ADJUSTMENT OF RATES; :
APPROVAL OF DEPRECIATION STUDY; :
APPROVAL OF TARIFF REVISIONS; AND :
OTHER RELIEF :

**INTERSTATE GAS SUPPLY, INC.’S (“IGS”) AND CONSTELLATION NEW ENERGY-
GAS DIVISION, LLC’S (“CNEG”) REPLY TO COLUMBIA GAS OF KENTUCKY,
INC.’S RESPONSE AND OBJECTION TO INTERVENTION**

Come Interstate Gas Supply, Inc. (“IGS”) and Constellation New Energy – Gas Division, LLC (“CNEG”), pending interveners in this action, and in reply to Columbia Gas of Kentucky, Inc.’s (“Columbia”) Response and Objection to intervention, state the following:

The Commission has previously granted IGS intervention into several previous Columbia base rate proceedings.¹ IGS and CNEG seek intervention to address concern over perceived inequities in current and proposed tariffs including but not limited to the gas cost uncollectible rate (GCUR) and fixed expenses related thereto along with the believed socialization of the GCUR and fixed expenses among all ratepayers contrasted with a 2% discount on collections to gas marketers as it pertains to CHOICE ratepayers. Columbia’s response indicates that, “[t]he GUCR (sic) only applies to sales tariff rates; it does not apply to the participants in the CHOICE program.” In support thereof, Columbia included *fn. 6* which cites certain testimony and workpapers of witnesses Tamaleh Shaeffer and Julie Wozniak addressing Columbia’s uncollectible expenses. Essentially, Columbia argues that the GCUR is tied to commodity sales

¹ *In the matter of: Application of Columbia Gas of Kentucky, Inc. for An Adjustment of Gas Rates, Case No. 2007-00008; In the matter of: Application of Columbia Gas of Kentucky, Inc. for An Adjustment of Gas Rates, Case No. 2009-00141; and, In the matter of: Application of Columbia Gas of Kentucky, Inc. for An Adjustment of Gas Rates, Case No. 2013-00167.*

and since CHOICE customers purchase their gas from suppliers the GCUR does not affect IGS and CNEG.

However, the issue of uncollectibles is more nuanced than Columbia argues and imperative in properly structuring a competitive market such as CHOICE. All ratepayers in similar classes pay the same base rates, administrative charges and related items. The costs associated with an accounts receivables system held by the utility, including call center capabilities, accounting capabilities, information technology, personnel, receivables collection and management, disconnection and reconnection functions and all related systems, people and processes are recovered through base rates and/or administrative charges that are the same for all residential customers. A utility such as Columbia should remain whole on all uncollectibles but not with potential duplication of expense to CHOICE ratepayers. Comparably in Ohio, all utilities offering competitive programs have bad debt tracker mechanisms, wherein all of the uncollectibles are included in a single rider for each utility that is paid for by all residential customers regardless of the source of the uncollectible. The Ohio model is very transparent and equitable, since all customers are proportionally responsible for the uncollectibles and the utility is responsible for effectively managing the receivables for all customers, thereby ensuring that all of the receivables management tools and customer protection protocols are equally applicable to all customers. IGS and CNEG are concerned herein regarding Kentucky Choice customers disproportionately paying for these fixed labor expenses related to the uncollectible expenses mentioned above in addition to the actual GCUR expense.²

Additionally, despite Columbia's characterization, IGS and CNEG are not competitors to Columbia. Columbia is the monopoly distribution provider in charge of administering the natural

² And while Columbia's singular assertion regarding the GCUR being applicable to sales tariff rates may ultimately prove correct, IGS and CNEG believe this is a factual issue that could be developed in the record.

gas Choice and Transportation programs under which IGS and CNEG serve customers. Columbia administers and enforces rules for these two programs. IGS and CNEG have no option to compete against Columbia as an alternative administrator of the Columbia Choice and Transportation programs. IGS and CENG must operate under the rules and tariffs of the Choice and Transportation programs Columbia offers.

Secondly, even for the sale of natural gas IGS and CNEG are not a competitor of Columbia. As the LDC, Columbia is legally mandated **not** to make a profit on the supply of natural gas – in fact the cost of gas for the LDC should be passed through to the customer on a dollar-for-dollar basis with no mark-up or profit. Moreover, Columbia recovers the actual cost of natural gas supply if the actual gas cost proves higher than forecasted through separate gas cost recovery/adjustment (GCR/GCA) filings – the supply of gas for Columbia remains a “pass through” expense subject to the “true up” mechanism (GCR/GCA). LDC’s instead earn their profits through the distribution of gas with a guaranteed rate of return, not through its purchase and resale of the natural gas commodity whereas conversely IGS and CNEG provide customers the option to purchase natural gas supply at fixed rate. Columbia delivers throughput of gas regardless of who supplies the gas and controls the gas delivery business whereas IGS and CNEG are in the commodity side of the business – supply should not even be a profit center for Columbia. Inasmuch, these parties are not competitors, they offer different products and services for profit and Columbia does not compete against IGS or CNEG to sell natural gas.

Regarding the Attorney General being the party responsible for protecting the consumers’ interests in this proceeding, CNEG and IGS also have a special interest in the rates or services presented in this matter, including their business interest pertaining to the possible duplication of expenses to Choice customers addressed *supra* through their involvement in the SVGTS program

that is not otherwise adequately represented by any other party in this above-captioned case and their participation will not unduly complicate or disrupt the proceeding. Likewise, based on past experience in other Columbia rate cases addressed in *fn. 1* their intervention is likely to present issues or develop facts that will assist the Commission.

Wherefore, IGS and CNEG respectfully request that they be permitted to intervene in the above-referenced matter.

Respectfully submitted,

/s/Matt Malone

Matthew R. Malone (KBA #90508)

Aaron D. Reedy (KBA #90523)

Hurt, Deckard & May PLLC

106 West Vine Street; Suite 401

Lexington, Kentucky 40507

(859) 254-0000 (office)

(859) 254-4763 (facsimile)

mmalone@hdmfirm.com

areedy@hdmfirm.com

Counsel for the Petitioner,

Interstate Gas Supply, Inc.

And Constellation New Energy, Gas Division, LLC

CERTIFICATE OF SERVICE

I hereby certify that IGS and CNEG's June 25, 2024 electronic filing is a true and accurate copy of IGS and CNEG's pleading and Read 1st Document to be filed in paper medium; that the electronic filing has been transmitted to the Commission on June 25, 2024; that an original and one copy of the filing will not be mailed postage prepaid to the Commission due to pandemic rules; that there are currently no parties excused from participation by electronic service; and that, on June 25, 2024, electronic mail notification of the electronic filing is provided to all parties of record.

/s/Matt Malone

Attorney for Interstate Gas Supply, Inc.

And Constellation New Energy, Gas Division, LLC