

Columbia Gas<sup>®</sup>  
of Kentucky

*A NiSource Company*

2001 Mercer Road  
Lexington, KY 40511

May 7, 2009

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

**RECEIVED**

**MAY 07 2009**

**PUBLIC SERVICE  
COMMISSION**

Re: Columbia Gas of Kentucky, Inc.  
Case No. 2008 - 00433

Dear Mr. Derouen:

On April 15, 2009, the Commission issued its Order in Case No. 2008-00433 approving with modification the Stipulation and Recommendation filed by Columbia Gas of Kentucky, Inc. ("Columbia"), and Interstate Gas Supply, Inc. ("IGS"). Columbia and IGS hereby submit the attached Joint Petition for Reconsideration. An original and ten (10) copies are enclosed.

Very truly yours,

*Daniel A. Creekmur (gmc)*

Daniel A. Creekmur  
Attorney for Columbia Gas of Kentucky, Inc.

Enclosures

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

In the Matter of the Application of Columbia )  
Gas of Kentucky, Inc. to Extend Its Gas Cost )  
Incentive Program and Its Off-System Sales and ) Case No. 2008-00433  
Capacity Release Sharing Mechanism )

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**JOINT PETITION FOR RECONSIDERATION  
OF COLUMBIA GAS OF KENTUCKY, INC.  
AND INTERSTATE GAS SUPPLY, INC.**

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Pursuant to KRS § 278.400 and 807 KAR 5:001 § 4(10), Columbia Gas of Kentucky, Inc. (“Columbia”) and Interstate Gas Supply, Inc. (“IGS”) respectfully request that the Public Service Commission of Kentucky (“Commission”) reconsider, revise and clarify its Order of April 15, 2009 in this docket.

**BACKGROUND**

On October 3, 2008, Columbia filed its Application in this case, requesting authority to extend its Gas Cost Incentive Mechanism (“GCIM”) and its Off-System Sales and Capacity Release Revenue Sharing Mechanism (“OSS/CR RSM”). IGS moved to intervene on November 6, 2008, and on January 9, 2009, filed Comments in this docket.

On March 26, 2009, Columbia and IGS filed a Stipulation and Recommendation (“Stipulation”) that proposed, among other things, that the 50 percent sharing ratio of Columbia’s Off-System Sales and Capacity Release Revenue Sharing Mechanism (“OSS/CR RSM”) for the final two years of the period ending March 31, 2013 be approved conditioned upon the continuation of Columbia’s CHOICE program through March 31, 2013. On April 15, 2009, the Commission is-

sued an Order that approved the Stipulation with one modification. Specifically, the Commission found that continuation of the OSS/CR RSM 50 percent sharing ratio and the terms thereof beyond March 31, 2011 should be addressed in a future proceeding regardless of Columbia's plan for the future of the Choice program.<sup>1</sup>

**THE ORDER SHOULD BE CLARIFIED SO THAT THE OSS/CR RSM 50 PERCENT SHARING RATIO IS APPROVED THROUGH MARCH 31, 2013 CONDITIONED UPON THE CONTINUATION OF COLUMBIA'S CHOICE PROGRAM THROUGH MARCH 31, 2013.**

The Commission modified the Stipulation because it found that the parties' intent regarding the sharing ratio was not clear. In the Stipulation, Columbia and IGS requested that the 50 percent sharing ratio should be authorized to continue to operate from April 1, 2009 through March 13, 2013, as proposed in Columbia's Application filed on October 3, 2008.<sup>2</sup> Columbia and IGS further requested that the Commission's approval of the continuation of the 50 percent sharing ratio for the final two years of the period ending March 31, 2013 should be conditioned upon the continuation of Columbia's CHOICE program through March 31, 2013.<sup>3</sup> However, the Commission opined that the parties' intent was not clear because the Stipulation also provides that if Columbia's CHOICE program is not continued beyond March 31, 2011, Columbia agrees to allow the Commission to review its authorized continuation of Columbia's 50 percent sharing ratio of OSS/CR RSM.<sup>4</sup>

Columbia and IGS apologize for any unintended ambiguity in the Stipulation and by this Petition Columbia and IGS wish to jointly clarify the intent of the Stipulation and the language regarding the 50 percent sharing ratio of OSS/CR RSM.

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<sup>1</sup> See Order, April 15, 2009, pp. 5-6.

<sup>2</sup> See Stipulation, p. 2, ¶2.

<sup>3</sup> Id.

The intent of the Stipulation was to provide authorization of the continuation of the 50 percent sharing ratio of OSS/CR RSM from April 1, 2009 through March 31, 2013 with the final two years of the period ending March 31, 2013 to be conditioned upon the continuation of Columbia's CHOICE program through March 31, 2013. That is, should the CHOICE program continue through March 31, 2013, then the conditional approval of the 50 percent sharing ratio for the final two years of the period ending March 31, 2013 would be met and, thus, the 50 percent sharing ratio would be effective through March 31, 2013. Under this scenario, Columbia would not be required to address the reasonableness of continuing the 50 percent sharing ratio until the new CHOICE expiration date of March 31, 2013. Conversely, if the CHOICE program is not continued beyond the current expiration date of March 31, 2011, then the conditional approval of the 50 percent sharing ratio for the final two years of the period ending March 31, 2013 would be ineffective. Under this scenario, and in accordance with the intent of paragraph 2(C) of the Stipulation, Columbia would then be required to address the reasonableness of continuing the 50 percent sharing ratio beyond March 31, 2011 in a future proceeding at the Commission.

Columbia and IGS hope that the above explanation eliminates any ambiguity that may have caused the Commission to modify the Stipulation. With the clarifications provided above, Columbia and IGS respectfully request that the Commission issue an Order on Reconsideration that adopts the Stipulation filed by the parties, without any modification of that Stipulation.

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<sup>4</sup> Id., p. 3, ¶2(C).

**WHEREFORE**, Columbia and IGS respectfully request that the Public Service Commission of the Commonwealth of Kentucky reconsider, revise and clarify its Order of April 15, 2009 in this docket, for the reasons described herein. Columbia also respectfully requests that the filing deadlines for tariffs in the April 15, 2009 Order be stayed pending the Commission's action on this Petition for Reconsideration.

Dated at Columbus, Ohio, this 7<sup>th</sup> day of May 2009.

Respectfully submitted,

**COLUMBIA GAS OF KENTUCKY, INC.**

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**INTERSTATE GAS SUPPLY, INC.**

By: Vincent A. Parisi (per authorization 5/6/09)  
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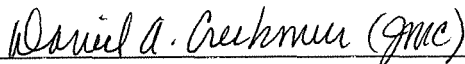
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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Petition for Reconsideration was served upon all parties of record by regular U.S. Mail this 7<sup>th</sup> day of May 2009.

  
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