

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:)
)
ADJUSTMENT OF RATES OF COLUMBIA)
GAS OF KENTUCKY, INC.)
)
_____)

CASE NO. 2009-00141

MOTION OF AARP FOR FULL INTERVENTION

Comes the AARP, by and through counsel, on behalf of members who are directly affected and may be adversely affected by this matter, and respectfully moves to intervene into the above-captioned proceeding as a full party. Pursuant to 807 Kentucky Administrative Regulation (“KAR”) 5:001 Section 3(8), AARP respectfully requests that it be accorded the rights and privileges of a full intervenor in these proceedings, and in support thereof, states as follows:

1. Intervention in formal proceedings before the Kentucky Public Service Commission (“Commission”) is governed by 807 KAR 5:001 Section 3(8), which provides in relevant part that:

In any formal proceeding, any person who wishes to become a party to a proceeding before the Commission may by timely motion request that he be granted leave to intervene. Such motion shall include his name and address and the name and address of any party he represents and in what capacity he is employed by such party.

807 KAR 5:001 Section 3(8).

2. AARP is a nonprofit, nonpartisan membership organization that advocates for people who are 50 years of age and older, seeking to promote their independence, choice

and control in ways that are beneficial and affordable to them and to society as a whole.¹ AARP operates staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. There are approximately 495,364 AARP members currently residing in the state of Kentucky. AARP's Kentucky membership includes individuals who are customers of Columbia Gas OF Kentucky, the applicant in this case.

3. This motion for full intervention is timely, within the meaning of 807 KAR 5:001 Section 3(8). The Procedural Schedule adopted by the Commission and attached as the Appendix to the Order entered on May 18, 2009 did not include a deadline for intervention. This motion is filed within 32 days after the application by Columbia, and by the first deadline established by the Procedural Schedule, which is for service of "all requests for information to Columbia."

4. Concurrent with this motion, AARP has serve and tendered for filing on June 2, 2009, requests for information to Columbia, thus meeting the first deadline of the schedule. There is no prejudice to the applicant from the grant of full intervenor status to AARP.

5. The grant of intervention to a person pursuant to 807 KAR 5:001 Section 3(8) is within the sound discretion of the Commission, and requires that the person "specify his interest in the proceeding."

6. AARP promotes the well being of older persons through advocacy, education, and service on a number of priority issues. AARP has determined that advocacy for reasonable utility rates and service for seniors is one of these priority issues. AARP has a

¹ In 1999, the "American Association of Retired Persons" changed its name to simply "AARP", in recognition of the fact that people do not have to be retired to be members. AARP is incorporated as a 501(c)(4) organization. Its affiliated AARP Foundation is incorporated as a 501(c)(3) organization.

long track record of professional participation before public utility commissions throughout the country, helping to provide a competent and substantial factual record in numerous cases.

7. AARP has provided credible and persuasive testimony before public utility commissions across the nation, assisting commissioners in crafting just and reasonable decisions on issues regarding rates and services for older utility customers. In this case, AARP has retained Nancy Brockway as a witness. Ms. Brockway is an expert in utility and energy matter and has an extensive background in energy efficiency. She has over twenty years of experience in these fields, including a term as a Commissioner on the New Hampshire Public Utilities Commission (1998-2003) and as a utility and energy expert with the National Consumer Law Center. Ms. Brockway has consulted for state and provincial regulators, state consumer advocates, unions, energy providers, and low-income energy providers and has testified on issues ranging from merger policy to system reliability to consumer protection. Furthermore, she has served on numerous committees of the National Association of Regulatory Utility Commissioners, including the committee on Energy and the Environment. Ms. Brockway's expertise on utility and energy issues would aid the Commission in fully considering not only Columbia's application for a rate increase, but also, its additional proposed programs and policy changes.

8. AARP's interest in this matter relates to the proposed rates, programs, and policy changes proposed for Columbia's residential gas customers and how these proposals may directly and adversely impact those Kentucky seniors receiving gas service from Columbia. This interest is different than the general public interest.

Seniors, who are often on fixed or low incomes, are particularly vulnerable to increases in energy prices. Seniors also devote a higher percentage of their total spending than do other age groups on residential energy costs and have special needs with regard to access to electric service.

9. AARP is concerned with the significant size of the electric rate increase proposed by Columbia's May 1, 2009 filing, which would raise residential electric rates 9.93%. AARP is also concerned by Columbia's proposed increase in rate of return, which Columbia claims is necessary because of a decrease in commercial and industrial customers combined with a decrease in gas usage.² This increase in return would enlarge Columbia's overall rate of return from 5.23% in the historical test year ending December 31, 2008 to 9.00%, and more than double the rate of return on equity from 6.09% in the test year to 12.25%.³ Such increases in customer charges and company returns harms low-use customers, such as seniors, while discouraging energy conservation.

AARP is similarly troubled by Columbia's proposal to remove all fixed costs from volumetric rates. A phase-out of the Gas Delivery Charge, which is based on gas usage, and replacement with a fixed Customer Delivery Charge disproportionately affects low-use customers. AARP shares Columbia's goal of improving conservation and energy efficiency, however, the current proposal is flawed in that it is overly burdensome to those customers who historically and already use the least amount of gas. The financial interests of the rate-paying customers of Columbia Gas of Kentucky that are members of AARP are plainly sufficient to support the representational standing of

² Prepared Direct Testimony of Herbert A. Miller, Jr., p. 12.

³ *Id.* at 5.

AARP on their behalf, and are interests distinct from those of existing parties and other movants for intervention.

10. Existing parties to the proceeding do not adequately represent the interests of AARP and its members. No current party represents the specific interests of seniors, who often live on fixed incomes, use less gas, and spend a higher percentage of money per month on utility bills than the average citizen. The interest of the Attorney General's office is distinct from the specific interests of AARP, a non-profit, non-governmental organization. The interests of the Kentucky Industrial Utility Customers ("KIUC"), who has moved for intervention, are similarly distinct and non-representative of AARP and its members.

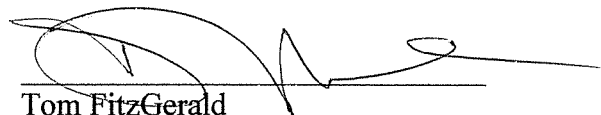
11. 807 KAR 5:001 Section 1(8)(b) provides in the alternative that the Commission shall grant full intervention status if the person "has special interests in the proceeding which is not otherwise adequately represented" or "that full intervention by party (sic) is likely to present issues or to develop facts that assist the commission in fully considering the matter without unduly complicating or disrupting the proceeding[.]" The special interests of AARP and its members are squarely within the ambit of the Commission's jurisdiction and this proceeding and are not adequately represented, as discussed above.

12. Alternatively, full intervention should be granted since the participation of AARP would assist the Commission in fully considering the matter without unduly complicating or disrupting the proceeding. AARP believes that other more reasonable and more cost-effective rate design schemes are available to address Columbia's decrease in revenue and promote conservation and energy efficiency, without disproportionately

and adversely affecting low-use and low income residential rate payers. The participation of AARP and the expert testimony of Ms. Brockway will assist the Commissioners in determining whether the proposed rate design is fair, just, and reasonable, will provide the Commission with a national perspective and information concerning the proposed impact of the current rate design and associated programs and policies, and will highlight alternative designs that would more efficiently and cost-effectively serve Kentucky residents. AARP's participation would aid in the development of the factual record and would assure representation of interests not currently represented.

WHEREFORE, for the reasons stated above and in the interests of assuring that those constituencies that would be most directly affected by the proposed rate increase and change in rate design are heard during this deliberative process, because the special interests of AARP and its member ratepayers are not adequately represented by existing parties or parties that have filed for intervenor status, and in order to provide information that will assist the Commission in fully considering the matter, Movant AARP requests, on behalf of its member ratepayers, that it be accorded the status of full Intervenor, and that each party to the case be directed to serve upon AARP and the undersigned counsel, all pleadings and information requests that are filed in this case.

Respectfully submitted,



Tom FitzGerald
Liz D. Edmondson
Kentucky Resources Council, Inc.
P.O. Box 1070
Frankfort, KY 40602
(502) 875-2428

FitzKRC@aol.com

Counsel for Movant, AARP

CERTIFICATE OF SERVICE

I certify that an original and ten (10) copies of this Motion of AARP for Full Intervention were filed by hand delivery to the Docket Clerk, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 and that a true and accurate copy of the foregoing was mailed via first class U.S. Mail, postage prepaid, this 2nd day of June, 2009, to the following:

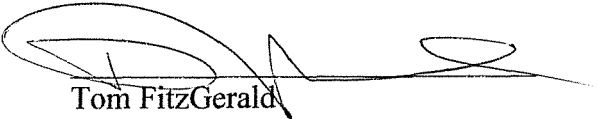
Lawrence W. Cook, Esq., Assistant Attorney General
Office of the Attorney General Utility and Rate
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Stephen B. Seiple, Esq.
Columbia Gas of Kentucky, Inc.
200 Civic Center Drive
P.O. Box 117
Columbus, OH 43216-0117

Iris G. Skidmore, Esq.
415 W. Main Street, Suite 2
Frankfort, KY 40601

David F. Boehm, Esq.
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Matthew Malone, Esq.
Hurt, Crosbie & May
127 West Main Street
Lexington, KY 40507


Tom Fitzgerald