

July 29, 2010

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

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JUL 29 2010

PUBLIC SERVICE
COMMISSION

RE: Case No. 2010-00146

Dear Mr. Derouen,

Enclosed for docketing with the Commission is an original and ten (10) copies of Columbia Gas of Kentucky, Inc., responses to the First Set of Requests on behalf of AARP. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you!

Sincerely,

Brooke E. Leslie (me)

Brooke E. Leslie
Counsel

Enclosures

cc: Hon. Richard S. Taylor

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST INFORMATION REQUEST OF AARP
DATED JULY 15, 2010**

Data Request No. 1 (a):

Please confirm that on average customers who have chosen competitive supplies have paid more over the regulated service of Columbia Gas of Kentucky, Inc.

Response:

Columbia does not have average customer data.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST INFORMATION REQUEST OF AARP
DATED JULY 15, 2010**

Data Request No. 1 (b):

Please provide the cumulative cost incurred by the customers who have chosen competitive supplies over what they would have paid had they remained with Columbia Gas of Kentucky, Inc. as their gas supplier.

Response:

As of March 2010, the cumulative cost is \$17,280,299. This amount is not indicative of any individual customer's experience and may change dramatically from time-to-time.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO FIRST INFORMATION REQUEST OF AARP
DATED JULY 15, 2010**

Data Request No. 1 (c):

Given the costs to participants in the customer choice program over what they would have paid without such a program, please explain why the customer choice program should be maintained in the Columbia Gas of Kentucky, Inc. service area. In this explanation, please include your forecast of the relative amounts that shopping customers will pay relative to the amounts that non-shopping customers will pay, the firmness if any such forecast, and why choice should be retained if you do not or cannot forecast that shoppers will pay less.

Response:

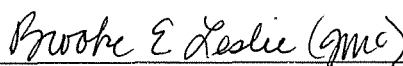
The Choice Program should be maintained because it provides Columbia's small volume customers the option to assume greater control over their energy supply in the form of gas supply options in addition to Columbia's tariff rates. The program simply presents an opportunity for small volume customers, to choose an alternate commodity supplier resulting in an assumption of greater control over their gas service, with the possibilities of gaining price stability, predictability and/or of saving money on their gas costs. This option is completely voluntary. Customers that choose to participate are guaranteed reliability of service, but savings are not guaranteed. Columbia is not able to forecast amounts that Choice customers will pay relative to non-Choice customers. There is an opportunity for savings and a snapshot of aggregate customer

savings taken at any particular time, is not indicative of any individual customer's experience. The aggregate comparison is not static, nor are the customers. Certainly, some customers may save and others may not as a result of the program, but individual experience varies and is unique to each individual customer. The volatility of natural gas commodity prices results in volatility in cost comparisons as well. The opportunity to mitigate price volatility is one of the benefits of the Choice program – customers may choose a fixed price option with a marketer and lock-in that rate for a specified period of time, this allows the customer to better plan the cost of their gas consumption.

The fact that a customer has the freedom to choose between a regulated supplier and a competitive supplier is of value in itself to some customers. As part of a customer satisfaction survey conducted by the Matrix Group of Lexington, Kentucky at Columbia's direction in 2008, 75% of the Choice customers who responded to the survey indicated they wanted the ability to choose their natural gas supplier, even if they learned they had not saved money in the program. Columbia believes the program should be maintained.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing responses to AARP's First Set of Requests of Columbia Gas of Kentucky, Inc., was served upon all parties of record by regular U. S. mail this 29th day of July, 2010.



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