

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

March 20, 2013

RE: Case No. 2012- 00428

Dear Mr. Derouen:

Please find enclosed an original and fourteen (14) copies of the Responses of Columbia Gas of Kentucky, Inc., to the Commission Staff's First Request for Information dated February 27, 2013.

If you have any questions, please call me at (859) 288-0242 or email [jmcoop@nisource.com](mailto:jmcoop@nisource.com). Thank you.

Sincerely,



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Attorneys for COLUMBIA GAS OF KENTUCKY, INC.

Enclosures

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**COLUMBIA GAS OF KENTUCKY, INC.**  
**RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED FEBRUARY 27, 2013**

96. Refer to the Joint Direct Testimony of Glenn R. Jennings on Behalf of Atmos Energy Corporation, Columbia Gas of Kentucky, Inc., and Delta Natural Gas Company, Inc. ("Joint LDC Testimony"), page 3, lines 2 through 4, which states "Atmos and Columbia have some automated meter reading and Delta has had 100% automated meter reading for its customers for several years." Provide the following:

a. total number of automated meter reading meters installed by Delta Gas, total number of customers involved, and benefits Delta and its customers have received from the installation of the automated meter reading meters.

b. total number of automated meter reading meters installed by Atmos Energy, total number of customers, any benefits Atmos and its customers have received from the installation of the automated meter reading meters, and any plans to convert more of its system to automated meter reading.

c. total number of automated meter reading meters installed by Columbia KY, total number of customers, any benefits Columbia KY and its customers have received from the installation of the automated meter reading meters, and any plans to convert more of its system to automated meter reading.

**Response:**

Columbia Gas of Kentucky has installed automated meter reading (AMR) devices on 15,437 of 142,254 meters as of February 2013.

Benefits include:

- Enhanced customer service

- Increased meter reading performance

- Reduced estimated bills for inaccessible meters and resulting rebills

- Resolution of meter reading access issues

- Identification of energy theft and revenue loss due to meter tampering

- Improves employee safety

- Higher customer satisfaction

Columbia currently plans to install AMR devices on all residential and commercial meters by 2014 year-end.

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97. Refer to the "Natural Gas in a Smart Energy Future" white paper ("white paper"), discussed on pages 4 and 5 of the Joint LDC Testimony and filed in the record of Case No. 2008-00408.<sup>4</sup>

a. Explain what kind of actions Atmos Energy, Columbia KY, and Delta Gas (collectively "the Joint LDCs") foresee they can realistically take on their own systems to create or enhance key capabilities within:

i. the "Supply" sector, as enumerated in the bullet points in the first half of page 3 under the heading *Achieving the Vision* pages and further discussed on pages 11 through 14.

ii. the "Delivery" sector, as enumerated in the bullet points in the bottom half of page 3 under the heading *Achieving the Vision* and further discussed on pages 11, 14, and 15.

iii. the "End Use" sector, as enumerated in the bullet points in the middle of page 4 under the heading *Achieving the Vision* and further discussed on pages 11, 15, and 16.

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<sup>4</sup> Case No 2008-00408, *Consideration of the New Federal Standards of the Energy Independence and Security Act of 2007* (Ky PSC July 24, 2012).

b. To the extent that any of the Joint LDCs have already taken actions to develop the capabilities and improved technologies in the sectors references in part a. above, explain in detail what has been accomplished.

c. Explain to what extent any of the capabilities and improved technologies referenced in a. above are unrealistic for a jurisdictional LDC in Kentucky to undertake.

d. Provide specific comments on each bullet point on pages 5 and 6 in the *Recommendations for Action* section, paying special attention to each action that the Joint LDCs recommend be accomplished by Kentucky policymakers and industry and their suggestions for achieving those actions.

e. Discuss the five categories of benefits of a smarter gas infrastructure which are listed as bullet points on page 17 and are further discussed through page 22. The discussion should include the extent to which the Joint LDCs have achieved, are in the process of achieving, or have plans to achieve an increased level of infrastructure performance as it relates to the five categories.

f. To the extent not previously addressed, discuss the 20 functions included in the table on page 27 that would contribute to achieving the objectives of energy resources and infrastructure being clean and sustainable; reliable and secure; affordable and efficient; and robust and flexible as outlined on page 26, as they relate to jurisdictional Kentucky LDCs and their ability to achieve the benefits included in the table on page 33.

**Response:**

- a. Columbia's view is that natural gas is a very clean, domestic resource and the direct use of natural gas is the most efficient use of any fossil fuel. It is more efficient to use natural gas at the customer burnertip for heating purposes than to use natural gas to generate electricity that is then transmitted to the customer burnertip for an ultimate heat use. The conversion of some end-uses from an electric fuel to a natural gas fuel would mitigate the increasing demand for electricity and be a most efficient choice. The 2011 White Paper authored by GTI and Navigant incorporated this view as part of a "smart energy infrastructure". Any such efforts are beyond the realistic expectations for any single system. Columbia's belief that natural gas should be considered in a broad, policy-making examination is why Columbia chose to participate in this case.
  - i. Columbia doesn't serve any gas-fired generators and therefore has not specifically addressed the items in the "Supply" sector.
  - ii. Columbia is currently engaged in a program for accelerated replacement of its infrastructure and is adequately prepared to serve foreseeable needs of its customers. Columbia is focused on third party damages to its facilities and is increasing its educational efforts in this area.

- iii. Columbia offers Demand Side Management programs to its customers for energy efficiency. Educational information about energy efficiency and conservation is offered on Columbia's website and via direct customer communications.
- b. Columbia is involved with the Gas Technology Institute which provides research and development on improving gas technologies.
- c. Please see response to (a.) above.
- d. Please see Response of Delta Natural Gas for a discussion of the Joint LDC comments on the bullet points on pages 5 and 6. Columbia has no more specific comments to offer on the individual bullet points.
- e. The five fundamental categories of Safety , Economic, Reliability and Service Quality, Environmental and Energy Security are the underpinnings of what Columbia does every day. Columbia operates a safe system and safety of its employees, customer and the public is paramount. Safety is only measured in hindsight and we are always in the process of achieving and planning to achieve. The same can be said for each of the other four categories and Columbia is willing to work with the Commission and others who are sincerely interested.
- f. Columbia has no additional comments .

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113. Provide a description of the type of meters (mechanical, electro-mechanical, AMR [one-way communication], AMI [two-way communication]) currently used by the utility. Include in the description the reasons the current meters were chosen and any plans to move to a different type of metering configuration.

**Response:**

Columbia Gas of Kentucky is currently installing the Itron Mobile Automated Meter Reading (AMR) system. The AMR devices transmit data to a radio-equipped handheld computer. The AMR device attaches to the gas meter and encodes consumption information from the meter to the radio equipped handheld computer.

Columbia's AMR system operates independent of the smart meters (a.k.a. "smart grids" or "AMIs") commonly used by the electric companies. The Itron AMR system utilized by Columbia includes no unencrypted data. The only data included in the message is AMR ID number, AMR type, the index reading, and



tamper information. There is neither customer data nor meter data in the message. The AMR ID is used at the reading device to cross reference the meter ID and then the customer information. Given the unique security features of the Itron AMR system utilized by Columbia, any rules with respect to customer privacy protection or customer data access should acknowledge and consider the differences between the two technologies.

Columbia has no plans to move to a different type of automated meter reading system.

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114. If either AMR or AMI metering is in use, state whether the utility has received any customer complaints concerning those meters. If the response is yes, provide the following:

- a. the number of complaints, separated by gas and electric if a combination utility, along with the total number of customers served.
- b. how the complaints were addressed by the utility.
- c. a detailed explanation as to whether customers should have the ability to opt out of using either AMR or AMI metering.
- d. If customers were to be given the opportunity to opt out of using either AMR or AMI metering, provide:
  - i. an explanation as to whether the utility should establish a monthly manual metering reading tariff or charge applied to the opt-out customers to recover the costs associated with manually reading the non-AMR or -AMI accounts.
  - ii. an explanation as to whether these opt-out customers could still receive benefit from the utility using either AMR or AMI metering.

iii. an explanation addressing the point at which opt-out customers, either in terms of number of customers or a percent of customers, affect the benefits of the utility using either the AMR or AMI metering.

**Response:**

Columbia Gas of Kentucky is currently installing the Itron Automated Meter Reading (AMR) device. To my knowledge there have been no customer complaints concerning the use of this AMR device. Columbia customers are not currently required to have an AMR device, thus, there is no need for an opt out option on Columbia's system.

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115. In testimony, each utility cited cybersecurity as an area of concern related to the implementation of Smart Grid technologies. Provide and describe your company's policy regarding cybersecurity or the standard your company has adopted governing cybersecurity. If your company has not adopted any policy or standard, identify and describe any industry or nationally recognized standards or guidelines that you may be aware of that the Commission should consider relating to cybersecurity issues and concerns.

**Response:**

Columbia's security practices have been developed and have evolved over more than 20 years through consultation and collaboration with numerous authorities, including governmental, industry associations, external consultants and peer company interactions. Our practices are defined in our policies, standards and operating guidelines, and their implementation confirmed through a variety of policy approvals, audits, and reports to our executives and the audit committee of the NiSource Board of Directors.

We have employed the Department of Homeland Security-developed Cybersecurity Evaluation Tool (CSET™) to evaluate the security of our Gas control network and have implemented the cyber section of the Transportation Safety Administration's (TSA) Pipeline Security Guidelines.

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116. If not previously addressed, provide a detailed discussion of whether deployment of smart meters should allow for an opt-out provision.

**Response:**

Refer to response to Staff Data Request No. 113. Columbia Gas of Kentucky is not currently installing smart meters and has no plans to install smart meters in the future.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing responses to the Commission Staff's First Request for Information of Columbia Gas of Kentucky, Inc., was served upon all parties of record by regular U. S. mail this 20<sup>th</sup> day of March, 2013.

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