

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF COLUMBIA	)	
GAS OF KENTUCKY, INC. TO EXTEND ITS	)	CASE NO.
GAS COST INCENTIVE ADJUSTMENT	)	2020-00378
PERFORMANCE BASED RATE MAKING	)	
MECHANISM	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. (Columbia Kentucky), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on February 23, 2021. The Commission directs Columbia Kentucky to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia Kentucky shall make timely amendment to any prior response if Columbia Kentucky obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Columbia Kentucky fails or refuses to furnish all or part of the requested information, Columbia Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Columbia Kentucky shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Brad Stuck (Stuck Testimony), page 6, in which he asserts that the GCI component of the Performance-Based Rate (PBR) mechanism has provided gas cost savings to Columbia Kentucky's customers. Explain in detail how Columbia Kentucky determined that the GCI component of the PBR mechanism provided gas cost savings for its customers.

2. Refer to the Stuck Testimony, page 7.
  - a. Provide a timeline of Columbia Gas Transmission's (TCO) rate case RP20-1060 from its time of filing, including events so far and its procedural schedule set by the Federal Energy Regulatory Commission (FERC).
  - b. Describe Columbia Kentucky's participation in RP20-1060, and state whether it is acting as an individual intervenor or in conjunction with its affiliates and whether it is participating as part of a larger group.
  - c. Describe whether and how Columbia Kentucky's participation in RP20-1060 is impacted by the opportunity to share in PBR savings.
3. Refer to the Stuck Testimony, page 8. State whether any of the other four TCO shippers with Storage Service Transportation (SST) discounts are Columbia Kentucky affiliates.
4. Refer to the Direct Testimony of Judy Cooper (Cooper Testimony), page 8, in which she asserts that the benefit of the PBR mechanism for customers is lower gas costs. Explain in detail every basis for Columbia Kentucky's contention that the PBR mechanism resulted in lower gas costs for Columbia Kentucky's customers.
5. Refer to the Cooper Testimony, pages 9–10, and Attachments A and B.
  - a. Provide a more detailed explanation of the separation of the TCI benchmark into "TCO-SST" and "TCO all other contracts." The explanation should include other TCO contracts and associated FERC-approved rates that impact TCI savings.
  - b. Provide the TCI's TCO-SST benchmark for each month beginning July 2020 as calculated pursuant to the Commission's July 24, 2020 Order in Case No.

2017-00453.<sup>2</sup> The information should be provided in sufficient detail so that each step of the calculation is shown.

c. In Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible, provide all the underlying calculations for the PBR savings as shown on page 7 of Attachment A.

d. In Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible, provide all PBR calculations available for months beginning September 2020. The information should include all underlying calculations.

6. Refer to Columbia Kentucky's response to Commission Staff's First Request for Information dated January 25, 2018, Item 2 in Case No. 2017-00453,<sup>3</sup> in which Commission Staff asked whether the mechanism approved in Case No. 2014-00350<sup>4</sup> resulted in greater gas cost savings than the previously approved mechanism and Columbia Kentucky responded that "[a] review of gas cost savings under both mechanisms indicates that on the whole, gas cost savings to customers are consistent and very comparable."

a. State specifically whether Columbia Kentucky's review indicated that gas cost savings for customers were greater under the mechanism approved in Case No. 2014-00350 than they were prior to that mechanism being approved, and explain each

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<sup>2</sup> Case No. 2017-00453, *Electronic Application of Columbia Gas of Kentucky, Inc. to Extend Its Gas Cost Adjustment Performance Based Rate Mechanism* (Ky. PSC July 24, 2020), Order.

<sup>3</sup> Case No. 2017-00453, *Electronic Application of Columbia Gas of Kentucky, Inc. to Extend Its Gas Cost Adjustment Performance Based Rate Mechanism*, Columbia Gas of Kentucky, Inc. Response to Staff's First Request for Information Dated January 25, 2018 (filed Feb. 5, 2018).

<sup>4</sup> Case No. 2014-00350, *Application of Columbia Gas of Kentucky, Inc. to Consolidate and Convert Its Gas Cost Incentive Mechanism and Its Off-System Sales and Capacity Release Revenue Sharing Mechanism into a Performance-Based Rate Mechanism* (Ky. PSC Mar. 27, 2015), Order.

basis that supports Columbia Kentucky's contention with respect to the findings of its review.

b. If Columbia Kentucky contends that its review indicated that the gas cost savings for customers were greater under the mechanism approved in Case No. 2014-00350, provide and explain the extent to which Columbia Kentucky contends the savings were greater.

7. Explain whether Columbia Kentucky has any incentive to optimize its gas supply portfolio absent a PBR mechanism. If so, describe the incentives. If not, explain why not.

8. Explain whether the "least cost acquisition" standard in purchasing natural gas supplies and pipeline transportation services exists absent Columbia Kentucky's PBR mechanism.

9. State whether Columbia Kentucky would decrease its efforts to maintain service reliability for the benefit of its customers if Columbia Kentucky's PBR mechanism was discontinued.

10. Identify any economic or scientific studies of which Columbia Kentucky is aware that support the contention that adopting a PBR mechanism reduces gas costs for customers of local gas distribution companies, and provide copies of any such studies.

11. Explain whether Columbia Kentucky seeks to purchase the lowest cost natural gas to provide to its customers regardless of whether it has a PBR mechanism.

12. For the 12-month period immediately preceding April 2015 when Columbia Kentucky's PBR mechanism became effective pursuant to the final Order in Case No. 2014-00350:

a. In Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible, provide the total, actual volume of gas purchased each month on the Columbia Gulf Mainline, the Columbia Gas Transmission Pipeline, and the Tennessee Gas Pipeline 500 Leg, separately; the total, actual monthly cost of volumes purchased by Columbia Kentucky on each pipeline; and the average cost per Dth and per Mcf of volumes purchased by Columbia Kentucky on each pipeline for each month.

b. Provide the Platt's *Inside FERC's Gas Market Report* first-of-the-month index posting (midpoint) for each month for Columbia Gulf Mainline, Columbia Appalachia, and Tennessee Gas 500 Leg.

c. Provide the Natural Gas Week posting for Columbia Gulf Mainline as Delivered to Pipeline; Natural Gas Week posting for Columbia Appalachia as Delivered to Pipeline; and Natural Gas Week posting for Tennessee Gas Pipeline as Delivered to Pipeline for each week.

d. Provide the monthly average for each month, separately for each pipeline, of the average of the daily high and low Platt's Gas Daily posting for Columbia Gulf Mainline, Tennessee Gas Pipeline, and Tennessee Gas 500 Leg.

13. For the 12-month period immediately following April 2015 when Columbia Kentucky's PBR mechanism became effective pursuant to the final Order in Case No. 2014-00350:

a. In Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible, provide the total volume of gas purchased each month on the Columbia Gulf Mainline, the Columbia Gas Transmission Pipeline, and the Tennessee Gas Pipeline 500 Leg, separately; the total, actual monthly cost of volumes

purchased by Columbia on each pipeline; and the average cost per Dth and per Mcf of volumes purchased by Columbia on each pipeline for each month.

b. Provide the Platt's *Inside FERC's Gas Market Report* first-of-the-month index posting (midpoint) for each month for Columbia Gulf Mainline, Columbia Appalachia, and Tennessee Gas 500 Leg.

c. Provide the Natural Gas Week posting for Columbia Gulf Mainline as Delivered to Pipeline; Natural Gas Week posting for Columbia Appalachia as Delivered to Pipeline; and Natural Gas Week posting for Tennessee Gas Pipeline as Delivered to Pipeline for each week.

d. Provide the monthly average for each month, separately for each pipeline, of the average of the daily high and low Platt's Gas Daily posting for Columbia Gulf Mainline, Tennessee Gas Pipeline, and Tennessee Gas 500 Leg.

14. For the 12-month period that ended December 31, 2020:

a. In Excel spreadsheet format with all formulas unprotected and all rows and columns fully accessible, provide the total volume of gas purchased each month on the Columbia Gulf Mainline, the Columbia Gas Transmission Pipeline, and the Tennessee Gas Pipeline 500 Leg, separately; the total, actual monthly cost of volumes purchased by Columbia on each pipeline; and the average cost per Dth and per Mcf of volumes purchased by Columbia on each pipeline for each month.

b. Provide the Platt's *Inside FERC's Gas Market Report* first-of-the-month index posting (midpoint) for each month for Columbia Gulf Mainline, Columbia Appalachia, and Tennessee Gas 500 Leg.

c. Provide the Natural Gas Week posting for Columbia Gulf Mainline as Delivered to Pipeline; Natural Gas Week posting for Columbia Appalachia as Delivered to Pipeline; and Natural Gas Week posting for Tennessee Gas Pipeline as Delivered to Pipeline for each week.

d. Provide the monthly average for each month, separately for each pipeline, of the average of the daily high and low Platt's Gas Daily posting for Columbia Gulf Mainline, Tennessee Gas Pipeline, and Tennessee Gas 500 Leg

15. Refer to Columbia Kentucky's responses to Commission Staff's First Rehearing Request for Information to Columbia Kentucky, Item 9 in Case No. 2017-00453<sup>5</sup> regarding Columbia Kentucky's gas procurement methodology. Provide all updates to the information requested in Item 9 of that request for information through the date of this request and on a continuing basis during the pendency of this case.

16. Explain whether Columbia Kentucky competitively bids its supply contracts. If so, explain Columbia Kentucky' process to competitively bid the contracts for the PBR mechanism.

17. Identify and describe each transaction that was passed through the Off-System Sales Incentive (OSSI) portion of the PBR mechanism in each of the last 24 months by identifying the counterparty for each transaction; the nature of each transaction, including the type of transaction involved and the term of any contract; the revenue received from each transaction in each month; and the expenses Columbia Kentucky attributed to each transaction in each month.

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<sup>5</sup> Case No. 2017-00453, *Electronic Application of Columbia Gas of Kentucky, Inc. to Extend Its Gas Cost Adjustment Performance Based Rate Mechanism*, Columbia Gas of Kentucky, Inc., Response to Commission Staff's First Rehearing Information Requests Dated January 16, 2020 (filed Jan. 31, 2020).

18. Explain how Columbia Kentucky determines what expenses should be attributed to specific transactions that are passed through the OSSI of the PBR mechanism.

19. State whether the GCI and TCI portion of the Company Performance Share (CPS) attributable to the purchase of gas by Columbia Kentucky that is sold as part of an off-system sale is considered an expense that is used to reduce the net revenue before the revenue from the off-system sale is passed through the OSSI of the PBR mechanism, and if not, explain why Columbia Kentucky contends its practice is reasonable.

20. State whether the TCI portion of the CPS attributable to obtaining capacity that is later released or sold as part of an off-system sale is considered an expense that is used to reduce the net revenue before the revenue from off-system sale is passed through the OSSI of the PBR mechanism, and if not, explain why Columbia Kentucky contends its practice is reasonable.



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Linda C. Bridwell, PE  
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Public Service Commission  
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DATED FEB 08 2021

cc: Parties of Record

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