

November 30, 2011

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

RECEIVED

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PUBLIC SERVICE
COMMISSION

RE: Case No. 2010-00365

Dear Mr. Derouen:

Pursuant to the Commission's Order issued on November 23, 2010, in the above referenced case, Columbia Gas of Kentucky, Inc. ("Columbia") submits an original and ten (10) redacted copies of its initial gas price hedging plan report. Columbia's hedging plan was granted confidential treatment in Case No. 2004-00462. Columbia requests confidential treatment for its hedging plan reports in the Petition for Confidentiality attached hereto.

If you have questions, please don't hesitate to contact me at 859-288-0242 or jmcoop@nisource.com.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:)
)
THE APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. TO IMPLEMENT A NEW)
SMALL VOLUME GAS TRANSPORTATION)
SERVICE, A GAS PRICE HEDGING PLAN, AN)
OFF-SYSTEM SALES AND CAPACITY RE-)
LEASE REVENUE SHARING MECHANISM,)
AND A GAS COST INCENTIVE MECHA-)
NISM.)

Case No. 2004-00462

PETITION OF COLUMBIA GAS OF KENTUCKY, INC.
FOR CONFIDENTIAL TREATMENT OF
COLUMBIA'S INITIAL HEDGING REPORT

Columbia Gas of Kentucky, Inc. ("Columbia") respectfully petitions the Kentucky Public Service Commission ("Commission"), pursuant to 807 KAR 5:001, Section 7, for confidential treatment of Columbia's Initial Hedging Report for the 2011-2012 heating season, attached hereto.

1. On March 29, 2005, the Commission entered an Order in this proceeding approving Columbia's hedging program¹. The Order directed Columbia

¹ By Order dated November 23, 2010 in Case No. 2010-00365 the Commission authorized Columbia to extend its hedging program through March 31, 2015.

to file an initial hedging report and a final hedging report for each heating season.

2. The attachment to this Petition contains Columbia's Initial Hedging Report for the 2011-2012 heating season². The Initial Hedging Report contains sensitive pricing information and confidential information about Columbia's hedging strategies.

3. Coincident with the filing of its Application in this docket on November 30, 2004, Columbia also filed a Petition for Confidential Treatment of Data. Under Columbia's Gas Price Hedging Plan ("Plan"), a historically based Benchmark Price is derived from winter period price information. Trigger Prices are then determined based on the Benchmark Price. Each Trigger Price has a specified quantity of Columbia's winter gas purchase requirements associated with it. Columbia will hedge the price on specified gas quantities that are to be purchased in future winter months when the New York Mercantile Exchange winter strip price is less than or equal to a Trigger Price. Columbia's earlier Petitions for Confidential Treatment of Data requested confidential treatment for that part of the

² Pursuant to 807 KAR 5:001, Section 7, attached to the original copy of this Petition, and filed under seal, is a copy of the Initial Hedging Report with the confidential information identified by yellow highlighting. All other copies of this Petition include as the attachment the Initial Hedging Report with the confidential information redacted.

Plan that identifies information about the Trigger Prices, and the quantities of gas to be hedged at the identified Trigger Prices.

4. The Trigger Price information is confidential and proprietary, and, if publicly disclosed would damage Columbia's competitive position and business interests by providing competitors and financial traders with information that would enable them to determine the timing and approximate volume of Columbia's hedging activity, which might enable them to take financial positions based on that knowledge to the detriment of Columbia's ability to obtain the lowest cost gas for its customers and its ability to compete for customers. This Trigger Price information is not disclosed to the public, and is being provided only to the Commission in compliance with 807 KAR 5:001, Section 7.

5. By letter dated December 17, 2004, the Commission granted Columbia's request for confidential treatment of the Plan.

6. The information contained in Columbia's Initial Hedging Report might allow one to ascertain Columbia's sensitive Trigger Price information. Consistent with the Commission's December 17, 2004, decision to grant confidential treatment to Columbia's plan, the Initial Hedging Report should also be granted confidential treatment. In view of the foregoing considerations, the data

should be classified as confidential, pursuant to KRS §§ 61.870 *et seq.*, on the following specific grounds:

- (1) Trigger Price information is exempt from disclosure pursuant to KRS § 61.878(1)(c)(1) because the information would permit an unfair commercial advantage to Columbia's competitors, and to financial traders with whom Columbia might be negotiating for the purchase of the financial instruments necessary to implement Columbia's gas price hedging plan.
- (2) All the information provided herewith is further exempt from disclosure pursuant to KRS 61.878(1)(l), which exempts "information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly." This is so because the Trigger Price information constitutes "data" which "[d]erives independent economic value...from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use..." It is also kept confidential by Columbia, and is therefore "the subject of efforts that are reasonable under the circumstances to maintain its secrecy." As a result, the Trigger Price data constitutes "trade secrets" within the mean-

ing of KRS § 365.880(4)(a) and (b), and its disclosure is either prohibited or restricted by the express provisions of §§ KRS 365.880 through 365.894.

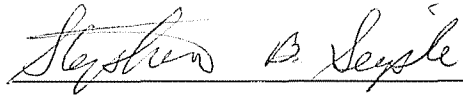
7. By granting this Petition and providing for confidential treatment of Columbia's Initial Hedging Report, and subsequent hedging reports, the Commission can fully evaluate Columbia's hedging activities, while maintaining the general confidentiality of such data, thereby balancing the public interest with the private competitive interest in such information.

WHEREFORE, Columbia respectfully requests that the Commission issue an order authorizing the confidential treatment of Columbia's Initial Hedging Report for the 2011-2012 heating season attached hereto.

Dated at Columbus, Ohio, this 30th day of November 2011.

Respectfully submitted,

COLUMBIA GAS OF KENTUCKY, INC.

By: 
Stephen B. Seiple
Assistant General Counsel

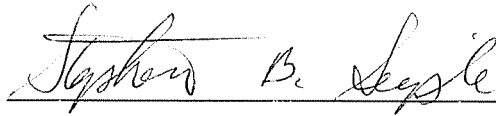
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Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Petition for Confidential Treatment of Columbia Gas of Kentucky, Inc. was served upon those individuals listed in the Service List below by regular U.S. mail this 30th day of November 2011.



Stephen B. Seiple
Attorney for
COLUMBIA GAS OF KENTUCKY, INC.

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COLUMBIA GAS OF KENTUCKY
GAS PRICE HEDGING PLAN REPORT
ANNUAL REPORT
NOVEMBER 30, 2011

CONFIDENTIAL

Columbia Gas of Kentucky, Inc.
 Gas Price Hedging Plan Report
 November 2011 - March 2012

11/15/11

Date of Purchase	Financial or Physical Contract	Dth Purchased November	Dth Purchased December	Dth Purchased January	Dth Purchased February	Dth Purchased March	Dth Purchased Winter	Percent of Forecasted Firm Non-Storage Firm Demand	Purchase Price	NYMEX Sale Price
	Financial						100,000	4.95%		
	Financial						100,000	4.95%		
	Financial						100,000	4.95%		
	Financial						100,000	4.95%		
	Financial						100,000	4.95%		
	Financial						500,000	24.74%		
Total Hedged							1,000,000	49.48%		
Average Price per Dth										

Date of Purchase: The date the contracts were purchased.
 Financial or Physical Contract: Whether the contract was a NYMEX Gas Futures contract or a contract for physical natural gas supplier with one of Columbia's gas suppliers.
 Dth Purchased: The volume in Dth of the contract for each winter month.
 Percent of Firm Non-Storage Flowing Supply: The percentage of the forecasted non-storage firm demand for represented by the each hedge contract.
 Purchase Price: The price paid per Dth for the NYMEX contract volumes.
 NYMEX Sale Price: If the contract is a financial contract, the price at which the contract volume was sold.

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Columbia Gas of Kentucky, Inc.
 Gas Price Hedging Plan Report
 November 2012 - March 2013

11/15/11

Date of Purchase	Financial or Physical Contract	Dth Purchased November	Dth Purchased December	Dth Purchased January	Dth Purchased February	Dth Purchased March	Dth Purchased Winter	Percent of Forecasted Firm Non-Storage Firm Demand	Purchase Price	NYMEX Sale Price
	Financial						760,000	41.64%		
	Financial						190,000	10.41%		
Total Hedged							950,000	52.05%		
Average Price per Dth										

Date of Purchase: The date the contracts were purchased.

Financial or Physical Contract: Whether the contract was a NYMEX Gas Futures contract or a contract for physical natural gas supplier with one of Columbia's gas suppliers.

Dth Purchased: The volume in Dth of the contract for each winter month.

Percent of Firm Non-Storage Flowing Supply: The percentage of the forecasted non-storage firm demand for represented by the each hedge contract.

Purchase Price: The price paid per Dth for the NYMEX contract volumes.

NYMEX Sale Price: If the contract is a financial contract, the price at which the contract volume was sold.

CONFIDENTIAL

Columbia Gas of Kentucky, Inc.
 Gas Price Hedging Plan Report
 November 2013 - March 2014

11/15/11

Date of Purchase	Financial or Physical Contract	Dth Purchased November	Dth Purchased December	Dth Purchased January	Dth Purchased February	Dth Purchased March	Dth Purchased Winter	Percent of Forecasted Firm Non-Storage Firm Demand	Purchase Price	NYMEX Sale Price
	Financial						1,000,000	39.25%		
	Financial						250,000	9.81%		
Total Hedged							1,250,000	49.06%		
Average Price per Dth										

Date of Purchase: The date the contracts were purchased.

Financial or Physical Contract: Whether the contract was a NYMEX Gas Futures contract or a contract for physical natural gas supplier with one of Columbia's gas suppliers.

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