

December 8, 2006

Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

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DEC 08 2006

PUBLIC SERVICE  
COMMISSION

**RE: Case No. 2005-00184**

Dear Mr. Dorman:

Pursuant to the Commission's Order of November 30, 2006, Columbia hereby submits its response. An original and eight copies are attached. Copies have been provided to all parties of record.

Sincerely,



Judy M. Cooper  
Director, Regulatory Policy

Attachment

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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DEC 08 2006

PUBLIC SERVICE  
COMMISSION

In the Matter of: )  
)  
Constellation NewEnergy-Gas Division, )  
LLC )  
)  
Complainant )  
)  
v. )  
)  
Columbia Gas of Kentucky, Inc. )  
)  
Defendant )

Case No. 2005-00184

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RESPONSE OF  
COLUMBIA GAS OF KENTUCKY, INC.  
TO THE FIRST DATA REQUEST  
OF COMMISSION STAFF

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Comes now Columbia Gas of Kentucky, Inc. ("Columbia"), and submits its responses to the data requests set forth in the Commission's November 30, 2006, Order in the above captioned case.

Dated at Columbus, Ohio, this 8<sup>th</sup> day of December, 2006.

Respectfully submitted,

*Stephen B. Seiple (me)*  
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**COLUMBIA GAS OF KENTUCKY, INC.**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY  
PSC CASE NO. 2005-00184  
DATA REQUESTED BY THE PUBLIC SERVICE COMMISSION STAFF  
DATED NOVEMBER 30, 2006**

**Question No. 1**

Refer to Paragraph 1 of the Stipulation and Recommendation. State whether the language of Columbia's Delivery Service Rate Tariff was, as written, ambiguous and unreasonable. Explain response.

**Response of Columbia Gas of Kentucky:**

Columbia's Delivery Service Rate tariff is neither ambiguous nor unreasonable. Columbia's right to interrupt banking and balancing services and assess any related penalty is clear in the following tariff references:

- Sheet 91 - Volume Bank – This section states: *In addition, if Customer's deliveries to Columbia on any day vary significantly from Customer's consumption on that day, Columbia may require Customer to immediately bring Customer's deliveries and consumption into balance.*
- Sheet 15 – Penalty for Failure to Interrupt – This section states: *On any day when Customer has been given timely notice by Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available on that day shall be subject to a charge of twenty-five dollars (\$25) per Mcf for all volumes taken in excess of one hundred three percent of the volumes specified to be made available on such day by Company.*

The proposed tariff changes were a result of discussions and recommendations from Constellation to clarify the issues it addressed in the Complaint. Although Columbia thought the current language was neither ambiguous nor unreasonable, we agreed that the language could be expanded upon and clarified.

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**Question No. 2**

State how many customers make customer-owned gas deliveries into Columbia's system pursuant to Columbia's Delivery Service Rate Tariff.

**Response of Columbia Gas of Kentucky:**

Columbia has a total of 114 accounts on Delivery Service. Of these 114 accounts, 113 have appointed an Agent/Marketer to act on their behalf and schedule gas deliveries into Columbia's system. One Delivery Service customer acts on its own behalf and schedules gas deliveries into Columbia's system.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY  
PSC CASE NO. 2005-00184  
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DATED NOVEMBER 30, 2006**

**Question No. 3**

State whether the Constellation New-Energy-Gas Division, LLC (“CNEG”) customers that are the subject of this proceeding are the only Columbia customers that received Delivery Interruption Notices during November of 2004.

**Response of Columbia Gas of Kentucky:**

The Constellation New-Energy-Gas Division, LLC customers that are listed in this Complaint are not the only Columbia customers that received the November 2004 Delivery Interruption Notices. Columbia issued the notices to all Delivery Service customers in Kentucky during that timeframe.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**  
**PSC CASE NO. 2005-00184**  
**DATA REQUESTED BY THE PUBLIC SERVICE COMMISSION STAFF**  
**DATED NOVEMBER 30, 2006**

**Question No. 4**

If other customers received Delivery Interruption Notices, state whether Columbia assessed a penalty against any of these other customers.

- a. If no penalty was assessed against these other customers, explain why no penalty was assessed.
- b. If a penalty was assessed against other customers, state whether any of these other customers have received a refund.
  - (1) If yes, state the number of customers that received a refund and explain the circumstances of the refund.
  - (2) If no, explain why it is reasonable under paragraph 2 of the Stipulation and Recommendation to make a refund of a portion of the penalty amounts only to the CNEG customers.

**Response of Columbia Gas of Kentucky:**

Yes, Columbia assessed penalties against other Delivery Service customers.

- a. Not applicable.
- b. Yes, there was a refund to one customer represented by a different Agent/Marketer.
  - (1) The one customer that is not represented in the Complaint received a partial refund due to a meter reading adjustment that affected the original penalty amount.
  - (2) The Complaint filed by Constellation represented only their customers that received penalties and had a chart read metering device. Constellation had other customers that received a penalty, but those charges were not contested by Constellation. Columbia assessed penalties to 45 Delivery Service customers, of which, 21 had a chart read metering device. Constellation represented 11 of those 21 customers. Constellation claimed it was unaware that a chart read metering device constituted a daily metering device. The remaining 10 chart read customers assessed penalties did not contest the charges and understood that their chart read device was a daily metering device.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY  
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DATED NOVEMBER 30, 2006**

**Question No. 5**

Refer to Paragraph 2 of the Stipulation and Recommendation. Explain why the refund agreed to by the parties does not violate KRS 278.160 and KRS 278.170.

- a. Explain how the refund amount was determined.
- b. Explain how the parties determined the amount of refund that would be applied to each customer.
- c. Explain how the refund amount will be applied to the customers and provide an example.

**Response of Columbia Gas of Kentucky:**

KRS § 278.160(2) requires utilities to charge the rates specified in their tariffs, and customers may not “receive any service from any utility for a compensation greater or less than that prescribed in such schedules.” KRS § 278.170(1) prohibits utilities from providing unreasonable preferences or advantages to any customer. The parties to this case agree that the applicable tariff provisions set forth in the settlement agreement were not as clear as they could have been, and that the appropriate charges to be properly assessed the Complainant were thus subject to legitimate dispute. The dispute centers around Constellation’s claim that it was unaware that Columbia considered a chart read metering device to be a daily metering device under Columbia’s tariff. Constellation appears to be the only marketer that did not understand Columbia’s tariff, and thus the class of affected customers is small – no other marketer is situated in the same position as Constellation. In order to settle this dispute over tariff language the parties agreed upon a reasonable compromise as to the compensation that should properly have been due under the tariff schedules. Nothing in KRS § 278.160 prohibits such settlements where the applicability of tariff charges is unclear and subject to legitimate dispute. This was the settlement of a disputed matter and is therefore not an *unreasonable* preference or advantage under KRS § 278.170(1). For the Commission to find otherwise would make it nearly impossible for utilities and their customers to settle customer complaints – a result which clearly would not be in the public interest.

To the extent that the Commission would find that KRS 278.160 and/or KRS 278.170 make it difficult for the Commission to approve settlement agreements like that proposed by the parties here, the Commission could alternatively treat the proposed settlement refund as a special contract under KAR § 5:011(13) and approve the settlement pursuant to that statute.

- a. As a result of settlement discussions, the parties agreed to refund one half of the penalty charges assessed to those customers represented by Constellation in the Complaint filing.
- b. Constellation and Columbia agreed that each customer represented in the Complaint would receive a credit equal to half of the penalty originally charged to that customer.
- c. The refund will show as a credit adjustment on the customer's invoice.

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**Question No. 6**

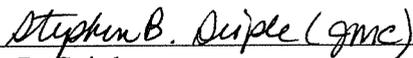
Refer to Footnote 1 of the Stipulation and Recommendation. Explain why one customer has already received a \$75 refund.

**Response of Columbia Gas of Kentucky:**

The customer listed in the footnote received a \$75.00 refund due to a meter reading adjustment that affected the original penalty amount.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Response of Columbia Gas of Kentucky, Inc. was served upon the parties on the Service List below by regular U.S. Mail this eighth day of December, 2006.

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

**SERVICE LIST**

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