

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 21 2007

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.)

CASE NO. 2007-00008 ✓

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA GAS)
OF KENTUCKY, INC.)

CASE NO. 2007-00347

**SUPPLEMENT TO
STIPULATION AND RECOMMENDATION**

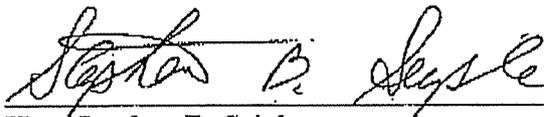
On August 10, 2007, the parties to this proceeding, namely Columbia Gas of Kentucky, Inc. ("Columbia"); the Attorney General of the Commonwealth of Kentucky; Lexington-Fayette Urban County Government; the Kentucky Industrial Utility Customers; and Interstate Gas Supply, Inc., filed a Stipulation and Recommendation that settled all of the issues in this docket. A hearing was held on August 14, 2007, during which the parties agreed to incorporate into the record in this case the record in Case No. 2007-00347, which is the docket in which Columbia filed its most recent gas cost adjustment.

Subsequent to the hearing, Columbia discovered an error in its gas cost adjustment filing. Certain amounts were inadvertently misallocated between the commodity and demand components of the Actual Cost Adjustment. Attached to this Supplement to Stipulation and Recommendation as Attachment C hereto are revised tariff sheets that correct the errors. The resulting total Gas Cost Adjustment is \$10.1932 per Mcf, a decrease of \$0.0001 per Mcf from that originally proposed and is due to mathematical rounding. The signatory parties agree that these tariff sheets should be

substituted for the tariff sheets of the same number that were filed as part of Attachment A to the Stipulation and Recommendation.

Attached hereto as Attachment D are five substitute pages for Columbia's Gas Cost Adjustment calculation in Case No. 2007-00347. The signatory parties agree that these five pages should replace those same pages previously filed on July 31, 2007.

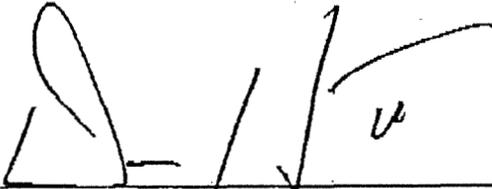
AGREED, this 21st day of August, 2007.



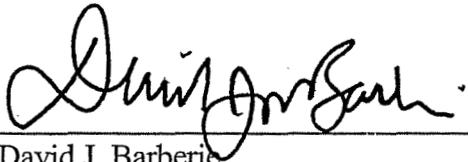
Hon. Stephen B. Seiple

Lead Counsel

On behalf of Columbia Gas of Kentucky, Inc.

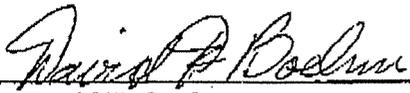
A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a vertical line and a horizontal line, with a small 'u' written above the horizontal line.

Hon. Dennis G. Howard, II
On behalf of the Attorney General of the Commonwealth of Kentucky



Hon. David J. Barberie

On behalf of the Lexington-Fayette Urban County Government



Hon. David F. Boehm
On behalf of the Kentucky Industrial Utility Customers

A handwritten signature in cursive script, appearing to read "Matthew Malone".

Hon. Matthew Malone
On behalf of Interstate Gas Supply, Inc.

CERTIFICATE OF SERVICE

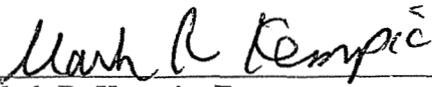
I hereby certify that a copy of the foregoing responses of Columbia Gas of Kentucky, Inc. were served via either personal hand delivery, First Class U.S. Mail postage prepaid or overnight mail on the following parties, all on this 21st day of August, 2007.

Hon. Dennis G. Howard, II
Hon. Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
Utility and Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Matthew Malone
Hurt, Crosbie & May PLLC
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
Attorney for Interstate Gas Supply, Inc.

Hon. David J. Barberie
Hon. Leslye M. Bowman
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

Hon. David F. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Attorney for Kentucky Industrial Utility Customers



Mark R. Kempic, Esq.
Attorney for Columbia Gas of Kentucky, Inc.

ATTACHMENT C
CORRECTED TARIFFS

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

<u>TRANSPORTATION SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/}</u> <u>Demand</u> <u>Commodity</u> \$ \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE SS</u>				
Standby Service Demand Charge per Mcf				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		6.5814	6.5814	
Standby Service Commodity Charge per Mcf			9.1820	
<u>RATE SCHEDULE DS</u>				
Administrative Charge per account per billing period			55.90	
Customer Charge per billing period ^{2/}			547.37	
Customer Charge per billing period (GDS only)			23.96	
Customer Charge per billing period (IUDS only)			255.00	
<u>Delivery Charge per Mcf^{2/}</u>				
First 30,000 Mcf	0.5467		0.5467	
Over 30,000 Mcf	0.2905		0.2905	
- Grandfathered Delivery Service				
First 50 Mcf or less per billing period			1.8715	
Next 350 Mcf per billing period			1.8153	
Next 600 Mcf per billing period			1.7296	
All Over 1,000 Mcf per billing period			1.5802	
- Intrastate Utility Delivery Service				
All Volumes per billing period			0.5905	
Banking and Balancing Service				
Rate per Mcf		0.0207	0.0207	
<u>RATE SCHEDULE MLDS</u>				
Administrative Charge per account each billing period			55.90	
Customer Charge per billing period			200.00	
Delivery Charge per Mcf			0.0858	
Banking and Balancing Service				
Rate per Mcf		0.0207	0.0207	
^{1/} The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.				
^{2/} Applicable to all Rate Schedule DS customers except those served under Grandfathered Delivery Service or Intrastate Utility Delivery Service.				

DATE OF ISSUE: August 21, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS

Billing Rate

\$

General Service Residential

Customer Charge per billing period
 Delivery Charge per Mcf

9.30
 1.8715

General Service Other - Commercial or Industrial

Customer Charge per billing period
 Delivery Charge per Mcf -
 First 50 Mcf or less per billing period
 Next 350 Mcf per billing period
 Next 600 Mcf per billing period
 Over 1,000 Mcf per billing period

23.96
 1.8715
 1.8153
 1.7296
 1.5802

Intrastate Utility Service

Customer Charge per billing period
 Delivery Charge per Mcf

255.00
 \$ 0.5905

Actual Gas Cost Adjustment ^{1/}

For all volumes per billing period per Mcf

\$ 0.9112

Rate Schedule SVAS

Balancing Charge -- per Mcf

\$ 0.9097

1/ The Gas Cost Adjustment is applicable to a customer who is receiving service under Rate Schedule SVGTS and received service under Rate Schedule GS or IUS for only those months of the prior twelve months during which they were served under Rate Schedule GS or IUS.

T
N
T
N
T
N
I
T,I
R
T

DATE OF ISSUE: August 21, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

ATTACHMENT D
CORRECTED GCA CALCUATION PAGES

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

Revised Stipulation

Line No.	June-07 <u>CURRENT</u>	September-07 <u>PROPOSED</u>	<u>DIFFERENCE</u>
1 Commodity Cost of Gas	\$8.9201	\$8.2708	(\$0.6493)
2 Demand Cost of Gas	<u>\$1.3567</u>	<u>\$1.3647</u>	<u>\$0.0080</u>
3 Total: Expected Gas Cost (EGC)	\$10.2768	\$9.6355	(\$0.6413)
4 SAS Refund Adjustment	(\$0.0002)	(\$0.0002)	\$0.0000
5 Balancing Adjustment	(\$1.1408)	\$0.0211	\$1.1619
6 Supplier Refund Adjustment	(\$0.0065)	(\$0.0065)	\$0.0000
7 Actual Cost Adjustment	(\$1.9761)	\$0.5382	\$2.5143
8 Gas Cost Incentive Adjustment	<u>\$0.0051</u>	<u>\$0.0051</u>	<u>\$0.0000</u>
9 Cost of Gas to Tariff Customers (GCA)	\$7.1583	\$10.1932	\$3.0349
10 Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11 Banking and Balancing Service	\$0.0208	\$0.0207	(\$0.0001)
12 Rate Schedule FI and GSO			
13 Customer Demand Charge	\$6.5814	\$6.5814	\$0.0000

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
Sept. - Nov. 07

Revised Stipulation

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>	<u>Expires</u>
1	Expected Gas Cost (EGC)	Schedule No. 1	\$9.6355	
2	Actual Cost Adjustment (ACA)	Schedule No. 2	\$0.5382	8-31-08
3	SAS Refund Adjustment (RA)	Schedule No. 5	(\$0.0002)	8-31-08
4	Supplier Refund Adjustment (RA)	Schedule No. 4	(\$0.0065)	05-31-08
		Total Refunds	<u>(\$0.0065)</u>	
5	Balancing Adjustment (BA)	Schedule No. 3	\$0.0211	2-28-08
6	Gas Cost Incentive Adjustment	Schedule No. 6	\$0.0051	2-28-08
		Total GCIA	<u>\$0.0051</u>	
7	Gas Cost Adjustment			
8	Sept. - Nov. 07		<u>\$10.1932</u>	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO) Schedule No. 1, Sheet 4		<u>\$6.5814</u>	

DATE FILED: August 21, 2007

BY: J. M. Cooper

COLUMBIA GAS OF KENTUCKY, INC.

**STATEMENT SHOWING COMPUTATION OF
ACTUAL GAS COST ADJUSTMENT (ACA)
BASED ON THE TWELVE MONTHS ENDED JUNE 30, 2007**

LINE NO.	MONTH	Total Sales Volumes		Standby Service Volumes		Net Applicable Sales Volumes		Average Expected Gas Cost		Gas Cost Recovery		Total Gas Cost Recovery		Cost of Gas Purchased		(OVER)/UNDER RECOVERY		Off System Sales (Accounting)		Capacity Release Passback		Information Only Marketed Capacity Release	
		Per Books	Mcf	Sales	Mcf	Sales	Mcf	Rate	\$/Mcf	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery	Recovery
1	July 2006	208,746	(184)	208,930	208,930	\$10.7034	(4) = (5/3)	\$2,236,269	\$32,783	\$2,269,053	(7)=(5)+(6)	(\$2,939,714)	(\$5,208,766)	\$94,977.39	\$8,160.31	(\$176,804.22)							
2	August 2006	191,837	(242)	192,079	192,079	\$10.7035		\$2,055,909	33,033.52	\$2,088,943		\$13,823,911	\$11,734,968	\$7,659.37	\$7,833.34	(\$134,606.84)							
3	September 2006	231,546	422	231,124	231,124	\$10.0616		2,325,486.30	38,779.39	\$2,364,266		\$974,205	(\$1,390,061)	\$87,159.37	\$7,337.31	(\$153,140.94)							
4	October 2006	387,447	(171)	387,618	387,618	\$10.0239		3,885,446.08	33,571.56	\$3,919,018		\$4,191,116	\$272,098	\$117,981.21	\$7,756.61	(\$171,836.72)							
5	November 2006	982,871	674	982,197	982,197	\$10.0239		9,845,447.51	39,673.38	9,885,120.89		\$13,376,221	\$3,491,100	\$119,875.37	\$21,952.50	(\$92,040.63)							
6	December 2006	1,462,708	2,755	1,459,953	1,459,953	\$10.3968		15,178,844.45	53,708.46	\$15,232,553		\$16,307,190	\$1,074,638	\$14,735.34	\$13,712.00	(\$94,926.50)							
7	January 2007	1,603,433	(1,461)	1,604,894	1,604,894	\$10.4012		16,692,815.15	25,297.85	\$16,718,113		\$21,431,056	\$4,712,943	\$594,482.64	\$20,156.25	(\$106,924.63)							
8	February 2007	2,500,088	1,105	2,498,983	2,498,983	\$10.4012		25,992,411.58	42,872.05	\$26,035,284		\$33,655,976	\$7,620,692	\$413,249.39	\$25,378.95	(\$117,166.93)							
9	March 2007	1,946,655	1,921	1,944,734	1,944,734	\$9.4278		18,334,549.17	48,591.00	18,383,140.17		\$9,700,564	(\$8,682,576)	\$550,334.21	\$17,354.00	(\$100,766.16)							
10	April 2007	947,899	(644)	948,543	948,543	\$9.4131		8,928,731.99	34,211.35	\$8,962,943		\$13,351,145	\$4,388,202	\$75,730.20	\$21,713.15	(\$109,856.50)							
11	May 2007	566,800	2,378	564,422	564,422	\$9.4131		5,312,956.02	44,645.35	\$5,357,601		(\$295,770)	(\$5,653,371)	\$269,029.19	\$12,200.10	(\$91,480.30)							
12	June 2007	269,820	(1,026)	270,846	270,846	\$10.2613		2,779,228.41	30,166.76	\$2,809,395		\$826,308	(\$1,983,087)	\$111,667.85	\$12,200.00	(\$91,494.53)							
13	TOTAL	11,299,850	5,527	11,294,323	11,294,323			\$113,568,095	\$457,334	\$114,025,429		\$124,402,208	\$10,376,779	\$2,456,881.53	\$175,754.52	(\$1,441,044.90)							
14	Off-System Sales																						
15	Capacity Release																						
16	Gas Cost Audit																						
17	TOTAL (OVER)/UNDER-RECOVERY																						
18	Demand Revenues Received																						
19	Demand Cost of Gas 1/																						
20	Demand (Over)/Under Recovery																						
21	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008																						
22	DEMAND ACA TO EXPIRE AUGUST 31, 2008																						
23	Commodity Revenues Received																						
24	Commodity Cost of Gas																						
25	Commodity (Over)/Under Recovery																						
26	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008																						
27	COMMODITY ACA TO EXPIRE AUGUST 31, 2008																						
28	TOTAL ACA TO EXPIRE AUGUST 31, 2008																						

1/ Per final order in case no. 2004-00462 dated March 29, 2005, Demand Cost of Gas shown is net of customer sharing credits of 50% of Capacity Release and Off-System Sales profits, and credit for recovery through the SVAS Balancing Charge on Sheet 7a of the tariff.

COLUMBIA GAS OF KENTUCKY
CASE NO. 2007- 00347 Effective September 2007 Billing Cycle

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	\$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	\$1.3647	
Demand ACA (Schedule No. 2, Sheet 1, Line 26)	-0.3468	
Refund Adjustment (Schedule No. 4)	-0.0065	
SAS Refund Adjustment (Schedule No. 5)	<u>-0.0002</u>	
Total Demand Rate per Mcf	\$1.0112	<--- to Att. E, line 21

Commodity Component of Gas Cost Adjustment

Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	\$8.2708
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	\$0.8850
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	\$0.0211
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0051</u>
Total Commodity Rate per Mcf	\$9.1820

CHECK:	\$1.0112
	<u>\$9.1820</u>
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$10.1932

Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment

Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	\$0.8850
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	\$0.0211
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0051</u>
Total Commodity Rate per Mcf	\$0.9112

