

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF THE RATES OF)
COLUMBIA GAS OF KENTUCKY, INC.) CASE NO. 94-179
ON AND AFTER JULY 1, 1994)

O R D E R

On June 1, 1994, Columbia Gas of Kentucky, Inc. ("Columbia") applied to increase its rates by approximately \$12 million using as a forecasted test period the 12 months ending December 31, 1995.

On September 23, 1994, the parties, namely: Columbia; the Attorney General of the Commonwealth of Kentucky through his Utility and Rate Intervention Division; Lexington-Fayette Urban County Government; Franklin and Berneice Howard, represented by the Office of Kentucky Legal Services, Inc. and the Appalachian Research and Defense Fund, Inc.; the Kentucky Industrial Utility Customers; and Commonwealth Energy Services, Inc.; filed a Joint Stipulation and Recommendation ("Settlement") resolving, to their satisfaction, the issues in this case. The Settlement is attached as Appendix A. After filing, the parties met with Commission Staff in an informal conference to discuss the details of the Settlement. The parties have waived their right to a formal hearing.

The Settlement provides that Columbia will collect approximately \$6,000,000 in additional annual revenue beginning October 1, 1994; \$2,250,000 in additional annual revenue beginning October 1, 1995; and, \$1,500,000 in additional annual revenue

beginning October 1, 1996. The Settlement includes a rate moratorium whereby Columbia agrees not to file for base rates which, when suspended, will take effect prior to January 1, 1998.

Under the Settlement, the rates will reflect accrued postretirement employee benefits expenses as required by Statement of Financial Accounting Standard ("SFAS") 106; postemployment benefits arising under SFAS 112; and amortization of certain environmental costs. Several tariff changes proposed by Columbia have been included in the Settlement. Those changes include, inter alia, a Weather Normalization Adjustment ("WNA") tariff, changes to Columbia's customer service line policy, and modifications to its gas cost adjustment clause.

Under the Settlement, Columbia proposes to implement a customer assistance program ("CAP") and a surcharge to recover in full all administrative and program costs associated with the CAP and all undercollections resulting from the program.

The parties urge the Commission to review and accept this Settlement in its entirety as a reasonable resolution of this proceeding. While the overall reasonableness of the Settlement is an important factor, the Commission is bound by law to act in the public interest and review all elements of the Settlement. In determining whether the results of the Settlement are in the public interest and beneficial to the ratepayers, the Commission considered the fact that the Settlement is unanimous and that the participation of these parties ensures a wide range of interests was represented. The intervenors have been involved in previous

Columbia rate proceedings and, as a result, are aware of the issues involved in the current proceeding.

Based upon review of all parts of the Settlement, an examination of the record, and being otherwise sufficiently advised, the Commission finds the Settlement to be generally reasonable. Although acceptance of the Settlement is not without conditions, the modifications described herein should not affect the agreement significantly.

The Settlement contains provisions that, individually, would be unacceptable to the Commission but for the Settlement's overall reasonableness and the minimal impact these provisions have on the overall agreement. The rate-making treatment of the 1994 deferral and the amortization period relating to SFAS 106 costs, the calculation of SFAS 112 costs, and the recovery of the previously expensed environmental clean-up costs are not entirely consistent with the Commission's past treatment of such costs. The Settlement provisions pertaining to these issues are specifically rejected as the basis for determining the level of these costs.

An increase in the fee charged for reconnecting seasonal disconnect customers was accepted by the parties as proposed by Columbia. The fee, which is to increase from \$24 to \$65 for residential and \$176 for commercial and industrial customers, is approximately 8 times the minimum bill and is intended to discourage seasonal disconnections. Columbia should, as a matter of policy, inform customers requesting disconnection of service, of

the amount of the reconnect charge in order to take full advantage of the potential disincentive.

The WNA tariff proposed by Columbia is included in the Settlement as a pilot program to be effective for the period covered by the Settlement and " . . . thereafter until such time as the Commission establishes new base rates for Columbia." As the Settlement is silent on subsequent review and evaluation of the program, the Commission will impose the following conditions. The WNA may be implemented as a pilot December thru April for each of the three upcoming heating seasons: 1994-95; 1995-96; 1996-97. However, the pilot program will conclude after April 1997. Columbia may, by separate application, seek the Commission's approval to extend the pilot or to implement the WNA on a permanent basis after conclusion of the pilot.

Columbia must file annual reports on the WNA as soon after each heating season as possible but no later than June 30 of the following summer. The reports shall include both monthly data and totals for the heating system for residential and commercial customers affected by the WNA. The information to be reported is listed in Appendix C to this Order.

The Settlement further provides that Columbia implement a CAP as a pilot and impose a surcharge to recover its costs. The program will target customers who participate in the Low Income Home Energy Assistance Program ("LIHEAP") and allow them to remit a fixed percentage of their income to pay for gas service rather than pay for actual consumption. CAP participants will also be

allowed to make fixed monthly payments of \$5 toward pre-program arrearages with complete forgiveness of the arrearages after 36 months.

Specifics of the CAP pilot are to be developed by a collaborative consisting of Columbia and representatives of agencies who have experience working with low income utility payment problems. The CAP will be implemented over three years initially including 500 LIHEAP participants beginning November 1, 1995. The second phase including an additional 250 LIHEAP participants will begin November 1, 1996.¹

The Commission is not convinced that KRS 278.030 and 278.170 are inapplicable to this program as now proposed. The collaborative, in addressing the program's details, should consider the provisions of KRS Chapter 278 and the concerns expressed by the Commission in past cases regarding percentage of income payment plans. Based upon their representations, the parties should be able to demonstrate that benefits will accrue to all ratepayers as a result of implementing this pilot program. The benefits will be a crucial factor for review if the Commission is asked in the future to approve the program on a permanent basis.

Administrative and program costs plus the revenue shortfalls resulting from participants' paying only a percentage of income

¹ Columbia indicates that phase one will cover one year's operation of the CAP and phase two will cover two additional years' operation of the CAP. Columbia projects the CAP pilot will run a total of three years from its implementation in November 1995.

will be recovered through a surcharge applied to the bills of all other residential customers under the General Service rate schedule.² The Settlement anticipates that the amount of the surcharge will be filed on a quarterly basis, at least 30 days prior to the beginning of each calendar quarter. A proposed reconciliation factor, based on CAP costs and revenues, will be calculated annually to determine the amount of over- or under-collections experienced in the prior year to be factored into the surcharge in the following year. Columbia has projected the annual cost and monthly surcharge to be approximately \$225,000 or 2¢ per Mcf, respectively, in phase one and approximately \$337,000 or 3¢ per Mcf in phase two.³

The CAP pilot may be implemented if:

1. No annual costs are incurred for either phase of the pilot which exceed the projections Columbia presented in support of the CAP proposal. Imposing a limit on program costs is necessary to limit the scope of the final plan to the framework presented by the parties in this proceeding.

² As noted, the Commission has reservations regarding the imposition of the CAP surcharge without notice to residential customers who will have to pay. However, it can only assume that the conflicting interests of the General Service ratepayers who must pay and those who will not have been resolved to the satisfaction of the Attorney General who is enjoined by statute to represent both groups and that his signature on the settlement may be relied upon by the Commission as evidence of this resolution.

³ Columbia's brief, pp. 3-4.

2. The annual costs of the CAP pilot, including revenue shortfalls, are borne equally by Columbia's residential customers and shareholders. The surcharge applied to residential customers' bills shall not exceed one-half of the amounts projected - i.e. 1¢ per Mcf in phase one or 1.5¢ per Mcf in phase two. Sharing these costs by shareholders and ratepayers is a fair and equitable means of spreading the costs and risks of the CAP. Given Columbia's characterization of the costs of the program as de minimis, neither group should be unduly burdened under this sharing arrangement.

3. The surcharge is not included as a component of the total billing rate in Columbia's tariffs. The surcharge shall be shown as a separate line item on customers' bills identified as "Customer Assistance Program Surcharge." Cost recovery for a pilot program of this nature, which has been identified in the Settlement as a surcharge, should be shown as such on customers' bills rather than subsumed within Columbia's total billing rate.

4. Surcharge filings are made annually, rather than quarterly, with the first filing made at least 60 days prior to the November 1, 1995 effective date of the surcharge. The first filing should be a tariff describing the components and mechanics of the surcharge, including the details of the proposed annual reconciliation. It should specifically address whether the over- or under-collections from the reconciliation factor will consist of twelve months of actual historical data or some combination of actual and estimated data. Adequate cost support for the proposed surcharge and the final CAP pilot program should also be provided.

The Settlement includes Columbia's proposal to require a customer to pay for that portion of the cost of a service line which, as determined by Columbia, is not economically feasible to install. Columbia will continue to pay the cost of installing service lines where the potential consumption and revenue support the investment as economically feasible.

Columbia is one of the few gas utilities which has received approval to own customer service lines. In Case No. 10127, the Commission authorized Columbia to "install customer service lines at no cost to the customer . . ." ⁴ and found that annual cost savings related to inspections, operation, and maintenance, and increased annual base revenues would recover most of the cost of service increases related to owning service lines. ⁵

In this case, no evidence or estimate has been provided to show the economic impact of owning service lines. According to Columbia, the levels of consumption and revenues necessary to establish economic feasibility cannot be determined without knowing the expense of the service line and performing an economic evaluation. Further, Columbia is unable to identify the level of capital expenditures which would require a charge without knowing the amount of revenues to be generated.

⁴ Case No. 10127, Application of Columbia Gas of Kentucky, Inc. for an Order Authorizing it to Amend its Tariff and for Authority to Deviate From Commission Regulation 807 KAR 5:022, Section 9(17)(a)(1), and 807 KAR 5:022, Section 9(17)(a)(2), Order entered November 10, 1988, page 4.

⁵ Id., pp. 2-3.

Although Columbia's professed intent is to protect existing customers from subsidizing the uneconomic installation of service lines, the proposed language is overly broad and could lead to arbitrary decisionmaking at the local office level. Columbia's proposed tariff change to its service line installation policy, specifically Sheets 62 and 63, should be rejected.

Tariff sheets setting out the three-phase rate increase⁶ and other changes were included as attachments to the Settlement.⁷ Phase one rates, as set out in Appendix B to this Order, should be approved for service rendered on and after the date of this Order.⁸ All tariff additions and changes included in Attachment A to the settlement, with the exception of the changes on Sheets 62 and 63 dealing with installation of service lines, should be approved as filed, effective with the date of this Order. The rates included in Attachments B and C to the settlement should be approved for

⁶ Although multi-phase rate increases are not favored by the Commission, a review of the net present value analysis prepared by Columbia demonstrates that the phase-in of rates does not produce an unreasonable result.

⁷ The attachments included rates to be effective for each phase of the three-phase increases with the following effective dates: Attachment A-October 1, 1994; Attachment B-October 1, 1995; and Attachment C-October 1, 1996. Subsequent to filing the settlement, on October 5, 1994, Columbia filed revised tariff sheets which included the rates for former customers of Inland Gas Company that had inadvertently been omitted from the initial tariff sheets included with the settlement.

⁸ The rates approved herein do not include the CAP surcharge as a component of Columbia's total billing rate. Future tariffs should not include any provision for the surcharge to be subsumed within the tariffed rates.

service rendered on and after October 1, 1995, and October 1, 1996, respectively.⁹

IT IS THEREFORE ORDERED that:

1. Any party wishing to exercise its right under the settlement to withdraw the settlement because of modifications ordered by the Commission shall so notify the Commission in writing within 10 working days of the date of this Order.

2. The rates in Appendix B are approved for service rendered by Columbia on and after the date of this Order.

3. If the Settlement is withdrawn as provided in Paragraph 1 this Order shall be vacated.

4. The base rates included in Attachments B and C to the Settlement, as modified by the tariffs filed on October 5, 1994, are approved for service rendered by Columbia on and after October 1, 1995, and October 1, 1996, respectively.

5. The tariff change to require a customer to pay that portion of a service line installation deemed economically unfeasible by Columbia is denied.

6. The tariff changes and additions included in Attachment A to the settlement, with the exception of the changes on the installation of service lines, are approved effective with the date of this Order.

⁹ This approval extends only to the base rate charges included in the attachments. The amounts for the Gas Cost Adjustment included therein reflect Columbia's cost of gas which would only coincidentally be the same in October 1995 or October 1996.

7. Columbia shall file its CAP surcharge tariff and supporting documentation, in accordance with the limitations and instructions described herein, at least 60 days prior to the effective date of the tariff.

8. Columbia shall file annual reports on the WNA as soon after each heating season as possible but no later than June 30 of 1995, 1996, and 1997 containing the information listed in Appendix C.

9. Within 20 days from the date of this Order, Columbia shall file with the Commission revised tariff sheets setting out the rates and tariffs approved herein for service rendered on and after the date of this Order.

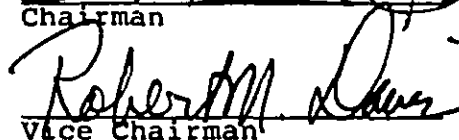
10. At least 10 days prior to their effective dates, Columbia shall file its revised tariff sheets setting out the rates approved herein for service rendered on and after October 1, 1995, and October 1, 1996.

Done at Frankfort, Kentucky, this 1st day of November, 1994.

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:



Don Mills
Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY
IN CASE NO. 94-179 DATED November 1, 1994

RECEIVED

SEP 23 1994

**PUBLIC SERVICE
COMMISSION**

STIPULATION AND AGREEMENT
COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 94-179

RECEIVED

SEP 23 1994

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF)
THE RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.)

Case No. 94-179

JOINT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, namely Columbia Gas of Kentucky, Inc. (Columbia or the Company); the Attorney General of the Commonwealth of Kentucky (Attorney General); Lexington-Fayette Urban County Government (LFUCG); Franklin and Berneice Howard, represented by the Office of Ky. Legal Services, Inc. and the Appalachian Research and Defense Fund, Inc. (Residential Intervenors); the Kentucky Industrial Utility Consumers (KIUC); and Commonwealth Energy Services, Inc. (Commonwealth) to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties hereto that this Stipulation and Recommendation is not binding upon the Public Service Commission (Commission), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Columbia's rates. The parties have expended considerable efforts to reach the agreements which form the basis of this Stipulation and Recommendation. All of the parties, representing diverse interests and divergent viewpoints, agree that this Stipulation and Recommendation, viewed in its

entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Stipulation and Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. It is the position of the parties hereto that this Stipulation and Recommendation is supported by sufficient and adequate data and information, and is entitled to serious consideration by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Columbia should be permitted to adjust its rates in order to permit it to recover approximately \$6,000,000 in additional annual revenue, with such rates to be effective for service rendered on and after October 1, 1994. The pro-forma tariff sheets attached hereto as Attachment A are recommended as reflecting the new rates to be effective as of the aforementioned date. These pro-forma tariff sheets further reflect rates which are designed to allow Columbia to recover the additional revenue from its various classes of customers, in the manner agreed to by the parties to this Stipulation and Recommendation.

2. Columbia should further be permitted to adjust its rates in order to permit it to recover approximately \$2,250,000 in additional annual revenue, with such rates to be effective for service rendered on and after October 1, 1995. The pro-forma tariff sheets attached hereto as Attachment B are recommended as reflecting the new rates to be effective as of the aforementioned date. These pro-forma tariff sheets further reflect rates which are designed to allow Columbia to recover the additional revenue from its various classes of customers, in the manner agreed to by the parties to this Stipulation and Recommendation.

3. Columbia should further be permitted to adjust its rates in order to permit it to recover approximately \$1,500,000 in additional annual revenue, with such rates to be effective for service rendered on and after October 1, 1996. The pro-forma tariff sheets attached hereto as Attachment C are recommended as reflecting the new rates to be effective as of the aforementioned date. These pro-forma tariff sheets further reflect rates which are designed to allow Columbia to recover the additional revenue from its various classes of customers, in the manner agreed to by the parties to this Stipulation and Recommendation.

4. Columbia agrees that it will not seek any general base rate increase that would be effective prior to January 1, 1998. This agreement is understood to permit Columbia to file a general base rate increase case prior to that time containing an earlier effective date, which when suspended by the Commission for the maximum period permitted by law, shall result in rates

effective no earlier than January 1, 1998. It is understood that Columbia shall continue to file its quarterly gas cost adjustments (GCA's), and that total rates may fluctuate from time to time as a result of such adjustments. It is also understood that Columbia may file quarterly adjustments to the Customer Assistance Program (CAP) surcharge (as more fully described in Paragraph 10 of this Stipulation and Recommendation and in Attachment E, attached hereto) to recover all administrative and program costs associated with the CAP Program and all amounts which were not paid by CAP customers as a result of their participation in that program, and that total rates may fluctuate from time to time as a result of such adjustments. In addition, should the Commission establish generic or company-specific special purpose proceedings to adjust rates to reflect changes in federal, state, or local tax laws or regulations, the imposition of special energy or health care taxes, or other similar cost changes which are beyond the control of the Company, Columbia shall not be precluded from participating in such proceedings; the Company's rates may be increased or decreased as a result of such proceedings; and this Stipulation and Recommendation shall not preclude such adjustments during the period commencing on October 1, 1994 and continuing through January 1, 1998.

5. Columbia's proposed tariffs should be modified to reflect the following changes:

(a) The proposed returned check fee shall be increased from \$5.00 to \$8.00. Columbia agrees to notify its customers of

this change by bill message no later than sixty days following the effective date of the new rates agreed to in this Stipulation and Recommendation.

(b) A separate residential rate will be created within the GS Rate Schedule. The charge for the first Mcf or less for customers taking residential service under Columbia's Rate Schedule GS shall be increased from \$7.45 to \$8.10. The remaining usage for such residential customers shall be billed at a flat rate per Mcf, with no declining blocks in such rate schedule.

(c) The charge for reconnection of service, where service has been disconnected at the request of the customer, shall be eight (8) times the applicable charge for the first Mcf or less under the GS Rate Schedule.

(d) The charge for reconnection of service, following a disconnection for non-payment or violation of Columbia's Rules and Regulations, shall remain at \$15.00.

(e) Columbia's proposed late payment penalty of 5% shall be approved, but the Company's tariffs shall be modified to provide that such penalties shall not be applied to the accounts of residential customers.

(f) Columbia's proposed changes in its customer service line policy, as reflected in the Company's Statement and Notice and supporting testimony, should be approved.

(g) Rate Schedule DS should be modified by adding an additional rate block for all usage in excess of 30,000 Mcf per month.

Unless otherwise indicated in this Stipulation and Recommendation, the tariff changes proposed by Columbia in its Statement and Notice and supporting testimony, including, without limitation, the consolidation of its FI and IS rate schedules, the proposed changes in the Gas Cost Adjustment Clause (GCA), and the addition of a Standby Service Schedule, should be approved.

The foregoing changes are reflected in the proposed tariff sheets attached to this Stipulation and Recommendation as Attachments A, B, and C.

6. Consistent with the Commission's precedents concerning the treatment of the costs of other post-retirement employee benefits (OPEBs) under Statement of Financial Accounting Standards (SFAS) 106, including the Commission's recent decisions in Joint Petition of Kentucky Power, et al., Case No. 92-043 and Kentucky-American Water Co., Case No. 92-452, the parties agree that the rates agreed to in this Stipulation and Recommendation reflect:

(a) post-retirement employee benefits expenses for the test period determined on the basis of the accrual required by SFAS 106;

(b) recovery of one eighteenth of Columbia's accrued post-retirement obligation existing at January 1, 1993, on an annual basis, reflecting an eighteen-year amortization of such amount; and

(c) recovery of one eighteenth of Columbia's incremental post-retirement obligation accrued during calendar year 1994, on an

annual basis, reflecting an eighteen-year amortization of such amount. The Company's 1994 earnings are insufficient to absorb such expenses while affording Columbia a reasonable opportunity to earn a fair return on its investment, and such recovery is necessary to avoid financial impairment. The rates agreed to in this Stipulation and Recommendation do not include recovery of Columbia's incremental post-retirement obligation accrued during 1993. The transition obligation of \$10,564,718, which was reflected in the Company's original application and supporting testimony, and which included both the post-retirement obligation existing at January 1, 1993 and the incremental post-retirement obligations accrued during 1993 and 1994, has been reduced by \$875,526, which reflects the incremental post-retirement obligation accrued during 1993. A schedule which sets forth the calculation of the annual amortizations described in sub-paragraphs 6(b) and 6(c) hereof is attached to this Stipulation and Recommendation as Attachment D.

Columbia's proposed method of funding these expenses, as set forth in the Company's testimony filed in this proceeding, should be approved.

7. The rates approved in this Stipulation and Recommendation reflect Columbia's proposed treatment of the expenses of post-employment benefits arising under SFAS 112, as set forth in the Company's testimony filed in this proceeding.

8. The rates approved in this Stipulation and Recommendation reflect a three-year amortization of the

environmental costs which Columbia is experiencing in connection with the removal of leaking underground gasoline storage tanks in Ashland and Frankfort, Kentucky, as requested in the Company's testimony which was filed in this proceeding.

9. The Company's proposed Weather Normalization Adjustment (WNA), as reflected in the Company's proposed tariffs and supporting testimony, should be approved on a pilot basis for the duration of the period covered by this Stipulation and Recommendation, and should continue in effect thereafter until such time as the Commission establishes new base rates for Columbia.

10. Columbia should be authorized to implement the pilot Customer Assistance Program (CAP) described in Attachment E, attached hereto. Columbia's agreement to implement this plan is expressly contingent upon the Commission's approval of the proposed CAP Surcharge, described in Attachment E, providing for full and timely recovery of all administrative and program costs associated with the CAP Program, as well as all amounts which are not collected from customers as a result of their participation in that program.

11. Each of the revenue increases to which the parties have agreed in Paragraphs 1, 2, and 3 of this Stipulation and Recommendation is fully supported by the Columbia's anticipated investment in plant and other facilities needed to continue providing safe, dependable natural gas service to its customers. Absent such increases, it would be necessary for the Company to

file one or more applications to adjust its rates prior to January 1, 1998.

12. Attached to this Stipulation and Recommendation as Attachment F are proof-of-revenue sheets, showing that the rates set forth in Attachments A, B, and C will generate the proposed revenue increases to which the parties have agreed in Paragraphs 1, 2, and 3 hereof.

13. Each party hereto waives all cross-examination of the witnesses of the other parties hereto unless the Commission disapproves this Stipulation and Recommendation, and each party further stipulates and recommends that the Notice of Intent, Notice, Application, and testimony filed in this proceeding be admitted into the record.

14. This Stipulation and Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Columbia or any other utility.

15. If the Commission issues an order adopting this Stipulation and Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

16. If this Stipulation and Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any or all

matters involved herein, and that in such event the terms of this Stipulation and Recommendation shall not be deemed binding upon the parties hereto, nor shall such Stipulation and Recommendation be admitted into evidence or referred to or relied upon in any manner by any party hereto, the Commission, or its Staff in any such hearing.

17. All of the parties hereto agree that the foregoing Stipulation and Recommendation is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Stipulation and Recommendation in its entirety.

AGREED, this 22nd day of September, 1994.

Richard S. Taylor
Richard S. Taylor
On behalf of Columbia Gas
of Kentucky, Inc.

Paul E. Reilender, Jr.
Paul E. Reilender, Jr.
On behalf of the Attorney General
of the Commonwealth of Kentucky

Anthony G. Martin
Anthony G. Martin
On behalf of Franklin and
Berneice Howard

Edward W. Gardner
Edward W. Gardner
On behalf of the Lexington-
Fayette Urban County Government

David F. Boehm
David F. Boehm
On behalf of the Kentucky Industrial
Utility Consumers

Thomas E. Campbell
Thomas E. Campbell
On behalf of Commonwealth
Energy Services, Inc.

Attachment A

**Columbia Gas of Kentucky, Inc.
Case No. 94-179
Tariff Sheets Effective October 1, 1994**

COLUMBIA GAS OF KENTUCKY, INC.

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C
N

N

(C) Change
(N) New

DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE:

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

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DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE:

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

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DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE:

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u>	<u>Base Rate Surcharge</u>	<u>Gas Cost Demand</u>	<u>Adjustment^{1/} Commodity</u>	<u>Total Billing Rate</u>	
	\$	\$	\$	\$	\$	
<u>RATE SCHEDULE GSR</u>						
First 1 Mcf or less per Mo.	8.10	0	1.4258	2.5968	12.1226	I
Over 1 Mcf per Mo.	1.9544		1.4258	2.5968	5.9770	I C
<u>RATE SCHEDULE GSO</u>						
<u>Commercial or Industrial</u>						
First 1 Mcf or less per Mo.	22.00		1.4258	2.5968	26.0226	I
Next 49 Mcf per Mo.	1.9544		1.4258	2.5968	5.9770	I
Next 350 Mcf per Mo.	1.8910		1.4258	2.5968	5.9136	I C
Next 600 Mcf per Mo.	1.7910		1.4258	2.5968	5.8136	I C
Over 1000 Mcf per Mo.	1.6170		1.4258	2.5968	5.6396	I C
<u>Delivery Service</u>						
Administrative Charge	65.00				65.00	N
<u>Standby Service Demand Charge</u>						
Demand Charge times Daily Firm Vol.(Mcf) in Cust.Serv.Agrmt.			10.0709		10.0709	
<u>Delivery Rate Per Mcf</u>						
First 400 Mcf per Mo.	1.8910				1.8910	I C
Next 600 Mcf per Mo.	1.7910				1.7910	I C
All Over 1000 Mcf per Mo.	1.6170				1.6170	I C
Former IN8 Rate Per Mcf	.9455				.9455	I
Banking and Balancing Service			0.0213		0.0213	

(continued on following sheet)

- (C) Change
- (I) Increase
- (N) New

^{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.

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DATE EFFECTIVE:

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate</u> <u>Charge</u> \$	<u>Gas Cost</u> <u>Demand</u> \$	<u>Adjustment</u> ^{1/} <u>Commodity</u> \$	<u>Total</u> <u>Billing</u> <u>Rate</u> \$
<u>RATE SCHEDULE GPR</u>				
First 1 Mcf or less per Mo.	8.10	N/A	N/A	8.10
Over 1 Mcf per Mo.	1.9544	N/A	N/A	1.9544
<u>RATE SCHEDULE GPO</u>				
<u>Commercial or Industrial</u>				
First 1 Mcf or less per Mo.	22.00	N/A	N/A	22.00
Next 49 Mcf per Mo.	1.9544	N/A	N/A	1.9544
Next 350 Mcf per Mo.	1.8910	N/A	N/A	1.8910
Next 600 Mcf per Mo.	1.7910	N/A	N/A	1.7910
Over 1000 Mcf per Mo.	1.6170	N/A	N/A	1.6170
<u>RATE SCHEDULE IS</u>				
<u>Customer Charge per Mo.</u>	135.79			135.79
First 30,000 Mcf	0.6158		2.5968 ^{2/}	3.2126
Over 30,000 Mcf	0.3293		2.5968 ^{2/}	2.9261
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		10.0708		10.0708
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
First 30,000 Mcf	0.6158			0.6158
Over 30,000 Mcf	0.3293			0.3293
Banking and Balancing Service		0.0213		0.0213

(continued on following sheet)

- (C) Change
- (I) Increase
- (N) New

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/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

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Vice President - Regulatory Services

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COLUMBIA GAS OF KENTUCKY, INC.

**CURRENTLY EFFECTIVE BILLING RATES
(Continued)**

	<u>Base Rate Charge</u> \$	<u>Gas Cost Demand</u> \$	<u>Adjustment^{1/} Commodity</u> \$	<u>Total Billing Rate</u> \$	
<u>RATE SCHEDULE IUS</u>					
For All Volumes Delivered Per Mcf	.1972	1.4258	2.5968	4.2198	I
<u>Delivery Service</u>					
Administrative Charge	65.00			65.00	N
Delivery Rate Per Mcf	.1972	1.4258		1.6230	I
Banking and Balancing Service		0.0213		0.0213	
<u>MAINLINE DELIVERY SERVICE</u>					
Administrative Charge	65.00			65.00	N
Delivery Rate Per Mcf	0.1000			0.1000	
Banking and Balancing Service		0.0213		0.0213	
<u>RATE SCHEDULE IN6 - INDUSTRIAL AND COMMERCIAL</u>					
Commodity Charge	1.7363	1.4258	2.5968	5.7589	
<u>RATE SCHEDULE IN7 - SMALL COMMERCIAL</u>					
Commodity Charge	.5924	1.4258	2.5968	4.6150	

- (C) Change
- (I) Increase
- (N) New

^{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.

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL SERVICE (GS) AND GENERAL PROPANE SERVICE (GPS)
RATE SCHEDULES**

APPLICABILITY

Entire service territory of Company. See Sheet 8 for a list of communities.

AVAILABILITY OF SERVICE

Available to residential, commercial and industrial service.

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

BASE RATES

Residential

First	1 Mcf or less per Mo.	@ \$ 8.10
Over	1 Mcf per Mo.	@ \$ 1.9544 per Mcf

Commercial or Industrial

First	1 Mcf or less per Mo.	@ \$ 22.00
Next	49 Mcf per Mo.	@ \$ 1.9544 per Mcf
Next	350 Mcf per Mo.	@ \$ 1.8910 per Mcf
Next	600 Mcf per Mo.	@ \$ 1.7910 per Mcf
Over	1000 Mcf per Mo.	@ \$ 1.6170 per Mcf

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be:

Residential	\$ 8.10
Commercial or Industrial	\$ 22.00

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51 of this tariff which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the minimum charge, shall be subject to a Gas Cost Adjustment, as shown on Sheet 5 of this tariff.

- (I) Increase
- (C) Change
- (N) New

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL SERVICE (GS) AND GENERAL PROPANE SERVICE (GPS)
RATE SCHEDULES
(Continued)**

WEATHER NORMALIZATION ADJUSTMENT

Gas sold to Residential and Commercial Customers under this rate schedule is subject to a Weather Normalization Adjustment as stated on currently effective Sheet No. 51a of this tariff which is hereby incorporated into this rate schedule.

LOCAL FRANCHISE FEE OR TAX

The above rates and minimum charge are subject to Local Franchise Fee or Tax as set forth on Sheet No. 52.

LATE PAYMENT PENALTY

Refer to the General Terms, Conditions, Rules and Regulations, Section 25.

OTHER PROVISIONS

Where a Customer has installed a gas light(s) for continuous street or outdoor lighting in lighting devices approved by Company and the gas used by such light(s) is unmetered, the gas consumed by such light(s) shall be assumed to be two thousand (2,000) cubic feet per month when the Btu/hour input rating for such light(s) is 2,700 or less. For each additional 1,350 Btu/hour input or fraction thereof, the assumed consumption shall be increased by one thousand (1,000) cubic feet per month. Such assumed consumption shall be billed under the rates contained herein or, if in combination with metered usage under this rate schedule, shall be added to the Customer's metered usage and the total billed under the rates contained herein.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS

Service furnished under this rate schedule is subject to Company's Rules and Regulations and to all applicable rate schedules.

(N) New

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

This rate schedule is available in the territory served by Company to any Customer having normal annual usage of not less than 25,000 Mcf at any location when:

- (1) Company's existing facilities are sufficient to provide the quantities of gas requested by said Customer, and
- (2) Customer executes a Sales Agreement for the purchase of:
 - (a) a specified Daily Firm Volume, contracted for under the Standby Service Rate Schedule, which shall be 0 - 100% of the Customer's Maximum Daily Volume requirements, and
 - (b) a specified Daily Interruptible Volume, and
 - (c) Customer has signed a statement acknowledging the fact that its service, not specified in (a) above, is subject to interruption and that Customer is aware that Company has no obligation to serve during times of interruption.

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

CHARACTER OF SERVICE

The Daily Firm Volume of Customer will be contracted for by Company from its supplier(s) and no curtailment of this firm volume is planned, considering availability thereof from its supplier(s). However, in the event of emergencies, shortages of gas, or force majeure, Company reserves the right to curtail the Daily Firm Volume of Customer without incurring any liability for any loss, cost, damage, injury or expenses that may be sustained by Customer by reason of any such curtailment. It is understood that Company's primary obligation is to its domestic markets.

The Daily Interruptible Volume shall be on an interruptible basis only and Company shall have the right to interrupt deliveries of gas hereunder whenever, and to the extent needed, such action is, in its sole judgment, necessary to protect the Maximum Daily Volume of delivery currently contracted for by Company, as available from its supplier(s) or to protect the integrity of Company's natural gas distribution system. The Company shall give the Customer as much advance notice as possible of interruption hereunder. It is understood that the Company will not include in any contractual commitment with its supplier(s) any volumes required to supply Customer's Daily Interruptible Volume.

Customer may enter into a full sales agreement with the Company under this rate schedule, with the

- (N) New
(C) Change

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE
(Continued)**

CHARACTER OF SERVICE (continued)

provision that the Customer may not concurrently contract with the Company for Delivery Service under Rate DS. The full sales agreement is subject to a minimum contract period of one (1) year as set forth in the General Terms, Conditions, Rules and Regulations, Section 34.

BASE RATES

Customer Charge

\$135.79 per delivery point per month.

Commodity Charge

First 30,000 Mcf

@ \$ 0.6158 per Mcf

Over 30,000 Mcf

@ \$ 0.3293 per Mcf

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MINIMUM MONTHLY CHARGE

The minimum monthly charge each billing month for gas delivered or the right of the Customer to receive same shall be the sum of the Customer Charge of \$135.79, plus the Customer Demand Charge as contracted for under the Standby Service Rate Schedule (Daily Firm Volume as specified in the Customer's service agreement multiplied by the demand rate (See Sheet No. 6)).

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In the event of monthly, seasonal or annual curtailment due to gas supply shortage, the demand charge shall be waived when the volume made available is less than 110% of the Daily Firm Volume multiplied by thirty (30). In no event will the minimum monthly charge be less than the Customer charge.

If the delivery of firm volumes of gas by Company is reduced, due to peak day interruption in the delivery of gas by Company or complete or partial suspension of operations by Customer resulting from force majeure, the Minimum Monthly Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service and complete or partial suspension of Customer's operation bears to the total number of days in the billing month. Provided, however, that in cases of Customer's force majeure, the Minimum Monthly Charge shall not be reduced to less than the Customer Charge.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to the Gas Cost Adjustment, including the Commodity and Demand components, as stated on currently effective Sheet Nos. 48 through 51 herein, which are hereby incorporated into this rate schedule.

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Gas Sales purchased under this rate schedule that are within the Customer's specified Daily Firm Volume as contracted for under the Standby Service Rate Schedule and Gas Sales purchased by a Customer with a full sales agreement contract are subject to the Commodity Gas Cost as stated on

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(I) Increase
(C) Change

(N) New

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COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE
(Continued)**

C

GAS COST ADJUSTMENT (Continued)

currently effective Sheet Nos. 48 through 51 herein.

The charges set forth herein, exclusive of those pertaining to Customer charges, shall be subject to a Gas Cost Adjustment as shown on Sheet No. 6 of this tariff.

LOCAL FRANCHISE FEE OR TAX

The monthly bill to Customers served under this rate schedule is subject to the Local Franchise Fee or Tax as set forth on Sheet No. 52.

LATE PAYMENT PENALTY

Refer to the General Terms, Conditions, Rules and Regulations, Section 25.

PENALTY CHARGE FOR FAILURE TO INTERRUPT

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 (103%) of the volumes specified to be made available on such day by Company. The penalty charge for failure to interrupt shall be in addition to the charges specified in this rate schedule. Customer shall be liable for any personal injury or damage to the property of Company or third parties which results from Customer's failure to interrupt, and Customer shall indemnify and hold Company harmless with respect to such injuries or damages.

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PAYMENT FOR UNAUTHORIZED TAKES

Gas taken on any day in excess of one hundred three percent (103%) of the specified Maximum Daily Volume set forth in the Sales Agreement shall constitute unauthorized takes unless prior approval for additional volumes has been granted by Company. The sum of all such unauthorized takes in a billing month shall be billed at the rate of twenty-five dollars (\$25) per Mcf for gas so taken. Payment for such unauthorized takes shall be in addition to the charges specified in this rate schedule. Customer shall be liable for any personal injury or damage to the property of Company or third parties which results from Customer's unauthorized takes, and shall indemnify and hold Company harmless with respect to such injuries or damages. Company reserves the right, for good cause shown, to waive the penalty payment of twenty-five dollars (\$25) per Mcf for unauthorized takes. Should Customer wish to take gas in excess of its authorized Maximum

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- (I) Increase
- (C) Change

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE
(Continued)**

PAYMENT FOR UNAUTHORIZED TAKES (Continued)

Daily Volume and avoid penalty payment, Customer shall request permission for a specified volume from Company at least twenty - four (24) hours in advance of the beginning of the day such volumes are needed. Company reserves the right to grant permission to Customer giving less than twenty - four (24) hour advance notice for a specified volume from Company.

RE-ENTRY FEE

Company will impose a Re-entry Fee, subject to Commission approval, for any IS Customer who has terminated tariff service and wishes to reestablish service within twelve months of termination. The Re-entry Fee will be equivalent to the charges Company incurred to make firm service available to Customer. Upon showing of good cause, Company may waive this fee.

AVAILABILITY OF EXCESS GAS

In the event Customer shall desire to purchase on any day gas in excess of Customer's specified Maximum Daily Volume, Customer shall inform Company and if Company is able to provide such excess gas required by Customer, Company shall make such excess gas available at the Base Rate Commodity Charge plus applicable gas cost.

If such excess gas cannot be made available to Customer from Company's own operations, Company may, on advance notice from Customer received twenty-four (24) hours prior to the beginning of the day the excess gas is needed, comply with such request to the extent that excess gas is temporarily available from Company's gas supplier(s). Such excess volume taken shall be paid for at Company's supplier's appropriate excess rate plus Company's Base Rate Commodity Charge.

When Customer has been notified to interrupt deliveries, Customer may request excess gas and to the extent gas can be obtained from Company's supplier, Customer shall pay the Company's supplier's appropriate excess rate plus Company's base rate commodity charge for all such volumes taken which would otherwise not be available.

MEASUREMENT BASE

Refer to the General Terms, Conditions, Rules and Regulations, Section 17.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS

Service furnished under this rate schedule is subject to Company's Rules and Regulations and to all applicable rate schedules.

(C) Change

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**STANDBY SERVICE (SS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a contract with Company for Delivery Service,
- (2) Customer has normal annual requirements of not less than 6,000 Mcf at any delivery point,
- (3) Customer currently is a sales Customer under the GS or IS Rate Schedule, and
- (4) Customer executes a Sales Agreement for the purchase of a specified Daily Firm Volume which shall be 0-100% of the Customer's Maximum Daily Volume requirements.

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

CHARACTER OF SERVICE

The Daily Firm Volume of Customer will be contracted for by Company from its supplier(s) and no curtailment of this firm volume is planned, considering availability thereof from its supplier(s). However, in the event of emergencies, shortages of gas, or force majeure, company reserves the right to curtail the Daily Firm Volume of Customer without incurring any liability for any loss, cost, damage, injury or expenses that may be sustained by Customer by reason of any such curtailment. It is understood that the Company's primary obligation is to its domestic markets.

The Company retains the right to refuse the requested nomination if the Company determines, in its sole discretion, that it does not have adequate gas supplies or transportation capacity to provide the service over the life of the contract.

BASE RATES

The Daily Firm Volume is subject to the Standby Service Demand Charge as shown on Sheet No. 5 & 6.

(N) New

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**STANDBY SERVICE (SS)
RATE SCHEDULE
(Continued)**

LOCAL FRANCHISE FEE OR TAX

The monthly bill to Customers served under this rate schedule is subject to the local Franchise Fee or Tax as set forth on Sheet No. 52.

LATE PAYMENT PENALTY

Refer to the General Terms, conditions, Rules and Regulations, Section 25.

PAYMENT FOR UNAUTHORIZED TAKES

Gas taken on any day in excess of one hundred three percent (103%) of the specified Maximum Daily Volume set forth in the Sales Agreement shall constitute unauthorized takes unless prior approval for additional volumes has been granted by Company. The sum of all such unauthorized takes in a billing month shall be billed at the rate of twenty-five dollars (\$25) per Mcf for gas so taken. Payment for such unauthorized takes shall be in addition to the charges specified in this rate schedule. Customer shall be liable for any personal injury or damage to the property of Company or third parties which results from Customer's unauthorized takes, and shall indemnify and hold Company harmless with respect to such injuries or damages. Company reserves the right, for good cause shown, to waive the penalty payment of twenty-five dollars (\$25) per Mcf for unauthorized takes. Should Customer wish to take gas in excess of its authorized Maximum Daily Volume and avoid penalty payment, Customer shall request permission for a specified volume from Company at least twenty - four (24) hours in advance of the beginning of the day such volumes are needed. Company reserves the right to grant permission to Customer giving less than twenty -four (24) hour advance notice for a specified volume from Company.

AVAILABILITY OF EXCESS GAS

In the event Customer shall desire to purchase on any day gas in excess of Customer's specified Maximum Daily Volume, as contracted under Rate Schedule SS, Customer shall inform Company and if Company is able to provide such excess gas required by Customer, Company shall make such excess gas available at the Base Rate Commodity Charge plus applicable demand and commodity gas cost.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS

Service furnished under this rate schedule is subject to Company's Rules and Regulations and to all applicable rate schedules.

(N) New

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**ORIGINAL SHEET NOS. 19 THROUGH 21
RESERVED FOR FUTURE USE**

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(C) Change

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COLUMBIA GAS OF KENTUCKY, INC.

**INTRASTATE UTILITY SERVICE (IUS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

Available for service to intrastate utilities purchasing gas for resale for consumption solely within the Commonwealth of Kentucky when:

- (1) Company's existing facilities have sufficient capacity and gas supply to provide the quantities of gas requested by said Customer, and
- (2) Customer has executed a Sales Agreement with Company specifying a Maximum Daily Volume.

CHARACTER OF SERVICE

Gas delivered by Company to Customer under this rate schedule shall be firm and shall not be subject to curtailment or interruption, except as provided in Section 33 of the General Terms, Conditions, Rules and Regulations.

BASE RATE

For all gas delivered each month \$0.1972 per Mcf.

MINIMUM MONTHLY CHARGE

The Maximum Daily Volume specified in the Sales Agreement multiplied by \$0.1972 per Mcf, plus applicable gas cost.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51, which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the Customer Charge, shall be subject to a Gas Cost Adjustment as shown on Sheet No. 7 of this tariff.

- (I) Increase
- (C) Change

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTRASTATE UTILITY SERVICE (IUS)
RATE SCHEDULE
(Continued)**

LATE PAYMENT PENALTY AND TERMINATION OF SERVICE

A Late Payment Penalty of five percent (5%) may be assessed, only once on any bill for rendered services, if a Customer fails to pay bill by the due date shown on Customer's bill. Any payment received will first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

If such failure to pay on the part of Customer continues for thirty (30) days after payment is due, Company may, after application to and authorization by the Commission, suspend further delivery of gas. This Late Payment Penalty may continue until authorization is received from the Commission to suspend deliveries. Company shall not be required to resume deliveries of gas until Customer has paid all amounts owed Company and has provided a cash deposit to secure payments of bills in an amount not to exceed two-twelfths (2/12) of Customer's estimated annual bill.

If prior to the due date of payment, Customer in good faith disputes the bill in part or total, and pays to Company such amounts as it concedes to be correct, and at any time thereafter within ten (10) days of a demand made by Company, furnishes a surety bond in an amount and with surety satisfaction to Company, guaranteeing payment to Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions of such bond.

TERM

The period of time to be covered by the Sales Agreement shall be determined by agreement between Customer and Company, but shall not exceed twenty (20) years; provided, however, that where the Sales Agreement supersedes or cancels an existing contract, Company may require that the term of the Sales Agreement shall not be less than the unexpired portion of the term contained in the superseded or canceled contract. The initial term of the Sales Agreement executed by Customer under this rate schedule shall be for the period specified in the Sales Agreement, which shall continue in effect from year to year thereafter until canceled by either Customer or Company by giving written notice to the other no later than March 1 of any year that the agreement is to be terminated, effective November 1, of such year.

In the event any portion of Customer's gas requirements is provided by Company from local sources, the depletion of such local sources of supply shall relieve Company from the obligation to deliver hereunder such portion of Customer's gas requirements; provided, however, that Customer shall have the right to extend its facilities to Company's nearest available source of adequate gas supply, in which event Company shall be obligated to continue service to Customer under this rate schedule.

(C) Change

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COLUMBIA GAS OF KENTUCKY, INC.

**ORIGINAL SHEET NO. 25
RESERVED FOR FUTURE USE**

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(C) Change

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COLUMBIA GAS OF KENTUCKY, INC.

**ORIGINAL SHEET NOS. 30 THROUGH 37
RESERVED FOR FUTURE USE**

C

(C) Change

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COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a contract with Company for Delivery Service, and
- (2) Customer has normal annual requirements of not less than 6,000 Mcf at any delivery point, and
- (3) Customer currently is a sales Customer under the GS, IS or IUS Rate Schedule.

BASE RATE

General Service:	
First 400 Mcf	\$1.8910 per Mcf for all gas delivered each billing month.
Next 600 Mcf	\$1.7910 per Mcf for all gas delivered each billing month.
Over 1,000 Mcf	\$1.6170 per Mcf for all gas delivered each billing month.
Interruptible Service:	
First 30,000 Mcf	\$0.6158 per Mcf for all gas delivered each billing month.
Over 30,000 Mcf	\$0.3293 per Mcf for all gas delivered each billing month.
Intrastate Utility Service:	\$0.1972 per Mcf for all gas delivered each billing month.
Former IN8:	\$0.9455 per Mcf for all gas delivered each billing month.

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ADMINISTRATIVE CHARGE

The monthly administrative charge shall be \$65.00.

GAS COST ADJUSTMENT

Recovery of Direct Bill Take-or-Pay

Delivery service Customers shall be subject to a Gas Cost Adjustment as shown on Sheet Nos. 5 and 6.

- (C) Change
- (I) Increase
- (N) New

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COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE
(Continued)**

GAS COST ADJUSTMENT - (Continued)

Demand Cost of Gas

IUS Delivery Service Customers shall be subject to the demand portion of the gas cost, included in the Gas Cost Adjustment on Sheet No. 7 of this tariff.

Banking and Balancing Service

The rate for the Banking and Balancing Service is set forth on Sheet Nos. 5, 6 and 7. This rate represents the current storage cost to the Company to provide a 'bank tolerance' to the Customer of five percent (5%) of the Customer's Annual Transportation Volume. The calculation of the Banking and Balancing Service rate is set forth in the Company's Gas Cost Adjustment.

The Banking and Balancing Service rate is subject to flexing as provided in the Flex Provision of this rate schedule. Refer to Sheet 91, Volume Bank, for the terms and conditions of the Balancing and Banking Service.

FLEX PROVISION

When a Customer with normal volume requirements of 25,000 Mcf annually can demonstrate to Company that a lower rate is necessary to meet competition from that Customer's alternate energy supplier, Company may transport gas at a rate lower than the Base Rate. Company may also, after receiving prior approval from the Commission, transport gas at a rate lower than the Base Rate where Customer has demonstrated that its only alternative would be a shutdown or relocation of facilities, or that the lower rate is necessary to expand facilities.

If any of these Flex Provisions apply to it, a Customer may at any time request that the transportation Base Rate be flexed. However, once the transportation Base Rate for a Customer is flexed, Customer must continue to pay the flex rate determined by Company each month and may not opt to revert to the Base Rate, except by the following procedure. Any Customer wishing to return to the Base Rate can do so by written notification to Company. Upon notification, Customer will revert to the Base Rate three months subsequent to the first day of the billing month which follows the date of the notification. Each such notification received by Company will cancel any previous such notification received by Company from the same Customer.

Company may also transport gas under this provision to a Customer at a rate greater than the Base Rate if such rate remains competitive with the price of energy from that Customer's alternate energy suppliers. In no event shall the flex rate exceed 150% of the Base Rate.

(C) Change

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE
(Continued)**

STANDBY DELIVERY SERVICE

Rate Schedule GS

Any General Service Customer who elects to transport gas under this rate schedule must establish, subject to the approval of Company, a Daily Firm Volume contracted for under the Standby Service Rate Schedule for that portion of load that is not protected by an alternate energy source. This Daily Firm Volume is subject to a Demand Charge as shown on Sheet No. 5.

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COLUMBIA GAS OF KENTUCKY, INC.

**MAIN LINE DELIVERY SERVICE (MLDS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a contract with Company for delivery service, and
- (2) Customer has normal annual requirements of not less than 25,000 Mcf at any delivery point, and
- (3) Customer is connected directly through a dual-purpose meter to facilities of an interstate pipeline supplier of Company, and
- (4) Customer currently is a sales Customer under the GS or IS Rate Schedule.

RATE

The rate shall be \$.10 per Mcf for all gas delivered each month.

ADMINISTRATIVE CHARGE

The monthly administrative charge shall be \$65.00.

GAS COST ADJUSTMENT

Banking and Balancing Service

The rate for the Banking and Balancing Service is set forth on Sheet No. 7. This rate represents the current storage cost to the Company to provide a 'bank tolerance' to the Customer of five percent (5%) of the Customer's Annual Transportation Volume. The calculation of the Banking and Balancing Service rate is set forth in the Company's Gas Cost Adjustment.

The Banking and Balancing Service rate is subject to flexing as provided in the Flex Provision of this rate schedule. Refer to Sheet No. 91, Volume Bank, for the terms and conditions of the Balancing and Banking Service.

- (C) Change
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COLUMBIA GAS OF KENTUCKY, INC.

**ALTERNATE FUEL DISPLACEMENT SERVICE (AFDS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY

This rate schedule is available in the territory served by Company to any commercial, industrial or wholesale Customer having normal annual usage of not less than 6,000 Mcf, provided:

- (1) Customer is currently purchasing natural gas from Company under Company's GS, IS, or IUS Rate Schedules.
 - (2) The capacity of Company's facilities and the available gas supply are sufficient to provide the quantities requested by Customer, and
 - (3) Customer has submitted to Company an initial affidavit which provides the following information:
 - (a) Name and address at which service under this rate schedule will be received, and
 - (b) Customer has installed operable capability for long term use of an alternate energy source other than No. 6 fuel oil and has made available to Company the option of on-sight inspection of the alternate fuel facilities, and
 - (c) Customer's verification that gas purchased under the rate schedule will be utilized to reduce or eliminate alternate energy requirements, that such purchase would not be made during any month of the term in the absence of this rate schedule, and that such gas will not replace non-alternate energy requirements which would otherwise be purchased under Company's applicable GS, IS, or IUS Rate Schedules, and
 - (4) Customer submits to Company a monthly affidavit on or before the fifth day of the current billing month providing the following information to be used for purposes of billing:
 - (a) Prior billing month's usage of alternate fuel displacement service, unless separately metered, and
 - (b) Projected prices and estimated usage of Customer's alternate fuel for the current billing period.
- (C) Change

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COLUMBIA GAS OF KENTUCKY, INC.

**ALTERNATE FUEL DISPLACEMENT SERVICE (AFDS)
RATE SCHEDULE
(Continued)**

CHARACTER OF SERVICE

The Maximum Daily Volume available for delivery pursuant to this rate schedule shall not exceed Customer's installed non-peaking alternate fuel capability and shall be within:

- (1) The limits imposed by the curtailment and daily interruption provisions governing the otherwise applicable GS, IS, or IUS Rate Schedules, or
- (2) The limits imposed by Customer's effective Maximum Daily Volume entitlement under Company's otherwise applicable GS, IS, or IUS Rate Schedules.

RATE

A rate per Mcf shall be established by Company in excess of the monthly equivalent Commodity Charge (Average Cost of Gas less Demand Cost of Gas) as contained in Company's most recent Gas Cost Adjustment. The floor price shall be the Commodity Charge plus ten cents (10¢) plus allowances for taxes.

The ceiling price shall be at a rate no greater than 150% of the applicable Total Billing Rate under Customer's applicable rate schedule.

Prior to establishing the applicable rate for any month, Company will review pricing information contained in Customer's affidavit. Company will also inquire through existing independent sources about current local pricing of alternate fuel, and will use appropriate publications to assist it in determining the monthly rate.

Company will file the applicable rate and the current floor price with the Commission at least five (5) days before billing.

Pursuant to the preceding paragraphs, any Customer may, at any time, request that the rate be flexed. However, once the rate for a Customer is flexed, the Customer must continue to pay the flex rate determined by Company each month and may not opt to revert to any other available tariff rate except by the following procedure.

Any Customer wishing to revert to any other available tariff rate can do so by written notification to Company. Upon notification, Customer will revert to the appropriate tariff rate three months subsequent to the first day of the billing month which follows the date of the notification. Each such notification received by Company will cancel any previous such notification received by Company from the same Customer.

MINIMUM MONTHLY CHARGE

The Minimum Monthly Charge provisions of the applicable rate schedules remains in full force and effect. However, volumes delivered under this rate schedule shall be combined with volumes delivered under the applicable rate schedules for minimum bill calculation purposes.

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COLUMBIA GAS OF KENTUCKY, INC.

**ALTERNATE FUEL DISPLACEMENT SERVICE (AFDS)
RATE SCHEDULE
(Continued)**

LOCAL FRANCHISE FEE OR TAX

The monthly bill to Customers served under this rate schedule is subject to Local Franchise Fee or Tax as set forth on Sheet No. 52.

TERM

The term of the agreement for service under this rate schedule shall be for a minimum of one year and shall be automatically renewed each year unless written notice to terminate is given by Customer or Company not less than sixty (60) days prior to the expiration date of the contract.

GENERAL TERMS, CONDITIONS, RULES and REGULATIONS

All General Terms, Conditions, Rules and Regulations applicable to GS, IS, or IUS Rate Schedules apply to this rate schedule and are hereby incorporated herein.

SPECIAL TERMS AND CONDITIONS

Separate Metering

Gas delivered hereunder, except that for oil burner pilot usage shall not be used interchangeably with gas supplied under any other schedule, and shall be separately metered; provided, however, if gas is delivered to Customer under more than one rate schedule at one location, and if separate metering of the Alternate Fuel Displacement Service portion of such deliveries is not practicable, monthly volumes to be billed under the GS, IS, or IUS Rate Schedule and AFDS Rate Schedule shall be determined from Customer's monthly affidavit, as required by Paragraph (4) of the Availability Section.

Stand-By Facilities

In all cases where continuous operation of Customer's facilities is necessary, Customer shall provide and maintain stand-by equipment, including fuel supply for operation thereof, in satisfactory operating condition and of sufficient capacity to permit full interruption of the interruptible gas supply.

Meter Reading

Meter readings shall be made monthly.

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COLUMBIA GAS OF KENTUCKY, INC.

**ALTERNATE FUEL DISPLACEMENT SERVICE (AFDS)
RATE SCHEDULE
(Continued)**

Special Conditions

Company reserves the right, at its sole discretion, to reduce the quantities of gas requested by Customer to the extent Company determines that the quantities of gas requested by customer are invalid or inaccurate.

OTHER

For purposes of administering provisions of the IS Rate Schedule relating to Penalty for Failure to Interrupt, Payments for Unauthorized Takes and Availability of Excess Gas, volumes delivered under this rate schedule will be combined with volumes delivered to Customer under the IS Rate Schedule.

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COLUMBIA GAS OF KENTUCKY, INC.

**SPECIAL AGENCY SERVICE (SAS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY

This service is available to any commercial or industrial Customer taking service under Rate Schedules GS, IS, or IUS, provided:

- (1) Customer has executed a contract with Company for Delivery Service, and
- (2) Customer has submitted an affidavit that demonstrates to Company's satisfaction that gas obtained hereunder will be used as a replacement for an installed operable energy system -
- either an alternate fuel or an alternate source of supply.

VOLUMES AND PRICE

Each month this program is in effect, Company shall notify each participating Customer of the price, which may vary depending on Customer's cost of alternate energy, to be charged for volumes to be purchased by Company as agent for Customer during the following month, exclusive of transportation charges. On or before the twenty-fifth (25th) day of each month, Customer shall nominate the quantity of gas it will require during the following month at the price indicated by Company. Such nominations must be in writing and are not effective until received by Company. Company will then use its best efforts to purchase such quantities of gas as agent for Customer, and Customer must take and pay for all volumes so delivered. In addition to the price charged for such volumes, an Agency Fee will be charged on all such delivered volumes. Company will attempt to maximize the contributions of the Agency Fee to other Customers. When necessary, Company may vary this fee to effectively compete with any alternate energy source, provided that, on an annual basis:

- (1) the revenues collected from the Special Agency Service will cover the cost of the program and make a contribution to Company's fixed costs; and
- (2) revenues received from each agency Customer, including transportation charges, will be sufficient to recover Company's marginal cost, i.e., the cost of the most expensive agency gas.

The minimum Agency Fee will be five cents (05¢) per Mcf. The Agency Fee will be credited to Customers through Company's Gas Cost Adjustment. Customer shall also be liable for all state and local taxes levied as a result of transactions hereunder.

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COLUMBIA GAS OF KENTUCKY, INC.

**SPECIAL AGENCY SERVICE (SAS)
RATE SCHEDULE
(Continued)**

VOLUMES AND PRICE (Continued)

Company shall not be liable for losses or damages resulting from any failure by Company to purchase volumes nominated by Customer under this program.

TERM

Customers may participate in this program on a month-to-month basis.

TRANSPORTATION TERMS AND CONDITIONS

Transportation of all volumes purchased under this program is subject to the charges, terms and conditions set forth or incorporated in Rate Schedule DS - Delivery Service.

GENERAL TERMS, CONDITIONS, RULES and REGULATIONS

All General Terms, Conditions, Rules and Regulations applicable to GS, IS, or IUS Rate Schedules apply to this rate schedule and are hereby incorporated herein.

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COLUMBIA GAS OF KENTUCKY, INC.

**GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO ALL RATE SCHEDULES**

GAS COST ADJUSTMENT CLAUSE

Determination of GCA

Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Adjustment (GCA) Rate and shall be filed at least thirty (30) days prior to the beginning of each quarterly calendar period. The GCA shall become effective for billing with the final meter readings of the first billing cycle of each quarterly calendar period.

The gas cost adjustment is comprised of:

- (1) The Expected Gas Cost Component (EGC), on a dollar-per-Mcf basis, is made up of two components: (a) Expected Commodity Gas Cost which applies to Rate Schedules GS, IS, and IUS, and represents the average expected commodity cost of gas supplied, and (b) Expected Demand Gas Cost which applies to Rate Schedules GS and IUS, and represents the average expected demand cost of gas supplied, excluding the Standby Service demand costs to be recovered from IS Customers and General Service Delivery Service Customers.
- (2) The supplier Refund Adjustment (RA), on a dollar-per-Mcf basis, which reflects refunds received during the reporting period plus interest at a rate equal to the average of the "three month commercial paper rate" for the immediately preceding twelve month period. In the event of any large or unusual refunds, Company may apply to the Commission for the right to depart from the refund procedure herein set forth.
- (3) The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, which compensates for any previous over or undercollections of gas costs experienced by the company through the operation of this gas cost recovery procedure. The ACA shall be based on the twelve months ended June 30th each year, with the ACA factor to be in effect for twelve months beginning September 1st of each year.
- (4) The Balancing Adjustment (BA), on a dollar-per-Mcf basis, which compensates for any under or overcollections which have occurred as a result of prior adjustments.

NOTE: All adjustments applicable to the period prior to the effective date of this revised Gas Cost Adjustment Clause will be reconciled through the Expected Commodity Gas Cost to all Customers. Adjustments after the effective date will be assigned to the Expected Demand Gas Cost and Expected Commodity Gas Cost components.

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COLUMBIA GAS OF KENTUCKY, INC.

**GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO ALL RATE SCHEDULES
(Continued)**

GAS COST ADJUSTMENT CLAUSE - (Continued)

Billing

The Gas Cost Adjustment (GCA) shall be the sum of the following components:

$$\text{GCA} = \text{EGC} + \text{RA} + \text{ACA} + \text{BA}$$

The GCA will be added to (or subtracted from) the tariff rates prescribed by the Commission Order on Company's latest rate case and will be included in the tariff rates stated on each applicable rate sheet in this tariff.

Definitions

For the purpose of this tariff:

- (a) "Average expected cost" is the cost of gas supplies purchased during the latest available twelve month period, including associated transportation charges, storage charges and Take-or-Pay charges, which is determined by the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the quarterly calendar period, less banking and balancing charges, and less the demand costs to be recovered from IS and General Service Delivery Service Customers, divided by the sales volumes for the latest available twelve month period. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or Company expects the volumes to change substantially, Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the Quarterly Gas Cost Adjustment report.
- (b) "quarterly calendar period" means each of the four three month periods of (1) September through November, (2) December through February, (3) March through May, and (4) June through August.
- (c) "Reporting period" means the three month accounting period that ended approximately thirty (30) days prior to the filing date of the updated gas recovery rates, i.e. the three months ended June 30th, September 30th, December 31st, and March 31st each year.

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COLUMBIA GAS OF KENTUCKY, INC.

**GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO ALL RATE SCHEDULES
(Continued)**

GAS COST ADJUSTMENT CLAUSE - (Continued)

Delivery Service

FERC approved direct billed pipeline supplier charges relating to the buyout of Take-or-Pay liabilities will be billed to Delivery Service Fixed Rate Volumes.

Banking and Balancing Service

This rate is based on the percentage of the portion of storage capacity allocated to Delivery Service Customers to Company's total annual storage capacity, applied to:

- (1) Columbia Transmission's FSS seasonal capacity charge, annualized,
- (2) Columbia Transmission's SST commodity charge, and
- (3) Columbia Transmission's FSS injection and withdrawal charges

as calculated in the Gas Cost Adjustment.

Interim Gas Cost Adjustments

Should any significant change in supplier rates occur, Company may apply to the Commission for an Interim Gas Cost Adjustment Clause in addition to the regular quarterly Gas Cost Adjustment Clause filings.

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COLUMBIA GAS OF KENTUCKY, INC.

**WEATHER NORMALIZATION ADJUSTMENT CLAUSE
APPLICABLE TO GS AND GPS RATE SCHEDULES**

WEATHER NORMALIZATION ADJUSTMENT (WNA)

The sales to Residential and Commercial Customers under Rate Schedules GS and GPS shall be increased or decreased monthly by an amount hereinafter described as the Weather Normalization Adjustment (WNA).

Determination of WNA

Weather normalized volumes shall be utilized during the December through April billing months to calculate the non-gas portion of the bills of all heating Customers served under Rate Schedules GS and GPS. During the remainder of the year May through November, the monthly bills shall be computed based on actual consumption.

Weather Normalization Adjustment will be calculated using the following formula:

$$\text{WNA} = \{[(\text{Actual Mcf-Base Load Mcf})/(\text{Actual Degree Days})] \times (\text{Normal Degree Days} - \text{Actual Degree Days})\}$$

Each customer's base load will be determined individually, and will be recomputed annually. Rates used in the computation of the WNA shall be determined based on the applicable base rate charge as set forth on Sheet No. 5 of this tariff.

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COLUMBIA GAS OF KENTUCKY, INC.

**TEMPORARY VOLUMETRIC LIMITATIONS AND
CURTAILMENT PROVISIONS RELATING TO
ALL RATE SCHEDULES**

VOLUMETRIC LIMITATIONS AND CURTAILMENT PROVISIONS

1. Definitions

A. Maximum Monthly Volume

A statement showing Maximum Monthly Volume applicable to commercial and industrial Customers will be furnished each Customer. Commercial and industrial Customers hereunder are those having a monthly consumption of 1,000 Mcf or more in any one month, excluding commercial service for buildings where people reside on either a permanent or temporary basis. The Maximum Monthly Volume represents the maximum volume of gas that Company is obligated to deliver to Customer in any one month.

B. Authorized Monthly Volume

When Customer's Maximum Monthly Volume is reduced as a result of the provisions of Section 2 herein, the reduced volume shall thereafter constitute Customer's Authorized Monthly Volume and shall continue as Customer's Authorized Monthly Volume until changed by notice from Company.

C. Maximum Seasonal Volume

Shall mean: (i) for the winter season, the total Authorized Monthly Volume for the billing months of November through March, and (ii) for the summer season, the total Authorized Monthly Volume for the billing months of April through October. Customer shall be billed and shall pay for all volumes taken hereunder in excess of Customer's Authorized Monthly Volume at the applicable rate therefore, together with any applicable charges, pursuant to Section 3 herein.

D. Human Needs

Shall mean Residential Customers and all Customers whose facilities are used for residential dwellings on either a permanent or temporary basis (such as, but not limited to, apartment buildings, correctional institutions, hospitals, nursing homes, hotels and motels). Those whose requirements can be met by installed alternate fuel facilities will be required to utilize such facilities prior to curtailing other loads in Priority 1, as that term is defined in Section 2, herein.

E. Alternate Fuel Capability

Shall mean a situation in which an alternate fuel could have been utilized, whether or not the facilities for such use have actually been installed.

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COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

10. EXTENSION OF DISTRIBUTION MAIN - (Continued)

to the distribution main extension who will utilize gas for base load purposes and as the major source of energy. The classification of Customer shall be determined by Company at the time Customer is connected to the distribution main extension. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement.

Where a distribution main extension of more than one hundred (100) feet is requested for commercial or industrial purposes and all or part of such distribution main extension is not deemed economically justified at Company's expense, based on a cost-benefit study, Company shall require the applicant or applicants to provide a contribution in aid of construction and/or enter into a line extension agreement and contribute or deposit with Company the estimated cost of that portion of the distribution main extension which is not deemed economically justified at Company's expense, based on such study. The line extension agreement deposit will be refunded annually, based upon the incremental volumes, if any, sold directly from the distribution main extension which are over and above those volumes used to determine the portion of the distribution main extension to be done at Company's expense. The refund shall be determined by multiplying such incremental volumes by the applicable base rates. No refunds shall be paid after the expiration of ten (10) years from the date of the agreement.

In no case shall the total of refunds exceed the amount deposited for the distribution main extension. Deposits will not draw interest. All distribution main extensions shall be the property of Company.

Where a distribution main extension is deemed economically justified at Company's expense, based upon a cost-benefit study, no deposit shall be required.

11. EXTENSION OF SERVICE LINES

When Company initiates service to a new Residential or Commercial Customer, Company will install, own, operate and maintain the service line at the premises of Residential and Commercial Customers, if such premises are not connected to a Company main by a service line.

With respect to Residential and Commercial Customers that occupy premises already connected to a Company main by a service line, Company shall be responsible for operating and maintaining the Customer Service Line, and when Company determines that replacement of such Customer Service Lines is necessary, Company shall be responsible for installing the service line, and shall thereafter own the service line. If it becomes necessary for Company to replace a service line, Company shall use its best efforts to replace the line, during normal working hours and as soon as practical, after Company is made aware of the need for the replacement of the service line.

When the length of the service line required between the property line and the meter is 100 feet or less, Company will assess no charge for the service line installation provided the potential consumption and revenue will be of such amount and permanence as to warrant the capital expenditures involved to make the investment economically feasible.

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COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)**

11. EXTENSION OF SERVICE LINES - (Continued)

In cases where all or part of the cost of the service line is not economically feasible, or where the length of the required service line exceeds 100 feet, Company may require Customer to contribute that portion of the cost of the service line which is not deemed to be economically feasible, as well as the cost of any portion which exceeds 100 feet in length.

12. REQUEST FROM HIGH-PRESSURE LINES

When a General Service Customer requests gas service from a transmission Company's high-pressure pipeline, Company will furnish and install regulating equipment and meters at no cost to Customer except as follows with respect to pressure regulators:

- A. If the line from which Customer is to be served has a maximum allowable operating pressure not exceeding 60 psig, Company will furnish the necessary service regulator at no cost to Customer.
- B. If the line from which Customer is to be served has a maximum allowable operating pressure in excess of 60 psig but not in excess of 200 psig, which will necessitate one high-pressure regulator in addition to the service regulator, Customer will be required to make a payment of \$100 to cover the cost and installation of the high-pressure regulator.
- C. If the line from which Customer is to be served has a maximum allowable operating pressure in excess of 200 psig which will necessitate two high-pressure regulators in addition to the service regulator, Customer will be required to make a payment of \$200 to cover the cost and installation of the high-pressure regulators.

13. COMPANY OBLIGATION TO RESTORE PROPERTY

In the event that Company is required to undertake any excavation on Customer's property in connection with the installation, repair, maintenance or replacement of a service line, Company shall make reasonable efforts to restore the property to its original conditions pursuant to generally accepted utility standards for such construction operations.

14. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by or at the expense of Company, which may at any time be in or on Customer's premises shall, unless otherwise expressly provided herein, be and remain the property of Company. Customer shall protect such property from loss or damage.

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COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)**

15. CUSTOMER'S LIABILITY

Customer shall assume all responsibility for the gas service in or on Customer's premises, at and from the point of delivery of gas, and for all the piping, appliances and equipment used in connection therewith which are not the property of Company. Customer will protect and save Company harmless from all claims for injury or damage to persons or property occurring on Customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of Company.

16. CUSTOMER WITH MORE THAN ONE METER

A Customer may be supplied through more than one meter, with the usage combined for one billing and counted as one Customer, subject to the following conditions:

- A. Provided all meters qualify for the same rate schedule. If the usage on two or more meters is to be combined for routine billing purposes, all meters to be combined must qualify for the same rate schedule.
- B. Provided all meters are located within the confines of or adjacent to the particular property served. Combined usage for billing purposes shall be restricted to meters located within the confines of or adjacent to the property being served.
- C. Provided the additional meters are a necessary part of rendering service. Combined usage of multiple meters for billing purposes shall be restricted to those situations where the additional meters are a necessary part of rendering service.
- D. Provided the combining of usage is not for the purpose of circumventing the Minimum or Customer Charge of a rate schedule.

17. METER TESTING AND MEASUREMENT OF NATURAL GAS

Volumetric Measurement Base is one (1) cubic foot of gas at a pressure base of fourteen and seventy-three one-hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty degrees (60°) Fahrenheit, (520° F. absolute) and without adjustment for water vapor content.

Average Absolute Atmospheric (Barometric) Pressure is assumed to be fourteen and four-tenths (14.4) pounds to the square inch, irrespective of actual elevation of location of the delivery point above sea level or variations in actual barometric pressure from time to time.

Flowing Temperature. Company shall determine the temperature of the natural gas flowing through the meter or meters by recorder, or as read from established tables for the location involved.

Specific Gravity of the natural gas shall be determined by Company, or at Customer's option by joint test, at the commencement of deliveries and as often as deemed necessary.

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COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

17. METER TESTING AND MEASUREMENT OF NATURAL GAS - (Continued)

Calibration and Test of Meters (IS and IUS Rate Schedule Customers). The accuracy of all measuring equipment shall be verified by the owner at reasonable intervals and, if requested, in the presence of representatives of the other party, but neither Company nor Customer shall be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. If either party at any time desires a special test of any measuring equipment, or if either party at any time observes an error in any such measuring equipment, it will promptly notify the other party, and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment.

Correction of Metering Errors. If upon periodic test, request test, or complaint test a meter in service is found to be more than two percent (2%) fast, additional tests shall be made to determine the average error of the meter. Said tests shall be made in accordance with commission regulations applicable to the type of meter involved.

if test results on Customer's meter show an average error greater than two percent (2%) fast or slow, or if a Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud or theft by Customer, Company shall immediately determine the period during which the error has existed, and shall recompute and adjust the Customer's bill to either provide a refund to Customer or collect an additional amount of revenue from the underbilled Customer. Company shall readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for Customer. If that data is not available, the average usage of similar Customer loads shall be used for comparison purposes in calculating the time period. If Customer and Company are unable to agree on an estimate of the time period during which the error existed, the commission shall determine the issue. In all instances of Customer overbilling, Customer's account shall be credited or the overbilled amount refunded at the discretion of Customer within thirty (30) days after the final meter test results. Company shall not require Customer repayment of any underbilling to be made over a period shorter than a period coextensive with the underbilling.

Failure of Measuring Equipment. In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, previous recordings or deliveries through such equipment shall be estimated:

(a) By using the registration of any check meter or meters if installed and accurately registering, or, in the absence of (a):

(C) Change

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DATE EFFECTIVE:

Issued by: K. J. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

20. FORCE MAJEURE

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its suppliers of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

Such causes or contingencies affecting the performance hereunder by either Company or Customer, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

21. RECONNECTION OF SERVICE

If service is discontinued at the request of any Customer, Company may refuse service to such Customer, at the same premises within eight (8) months, unless it shall first receive payment of sixty-five dollars (\$65.00, current minimum charge of \$8.10 times 8 months) for residential customers reconnect fee and one-hundred seventy-six dollars (\$176.00, current minimum charge of \$22.00 times 8 months) for commercial customers reconnect fee.

Company will charge a reconnect fee of fifteen dollars (\$15) when service has been disconnected for nonpayment of bills or for violation of Company's Rules and Regulations and Customer has qualified for and requested the service to be reconnected. Customers exempt from the reconnect fee must qualify under the Commission's Winter Hardship Reconnection Rules, as stated:

- A. During the months from November through March, Customer or Customer's agent:
- (1) Presents a certificate of need from the Cabinet for Human Resources, State Department for Social Insurance, including a certification that a referral for weatherization services has been made in accordance with subsection (C) of this section;
 - (2) Pays one-third (1/3) of the outstanding bill or \$200, whichever is less; and

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COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

25. LATE PAYMENT PENALTY

A Late Payment Penalty of five percent (5%) may be assessed, only once on any bill for rendered services, excluding Residential Customers, if Customer fails to pay bill by the due date shown on Customer's bill. Any payment received will first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

If prior to the due date of payment, Customer in good faith disputes the bill in part or total, and pays to Company such amounts as it concedes to be correct, and at any time thereafter within ten (10) days of a demand made by Company, furnishes a surety bond in an amount and with surety satisfaction to Company, guaranteeing payment to Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions of such bond.

26. RETURNED CHECK FEE

If Customer's check tendered in payment of a bill for service is returned by a bank as unpaid, Customer will be charged a fee of eight dollars (\$8.00) to cover the cost of further processing of the account.

27. BILL ADJUSTMENT AND MONITORING OF CUSTOMER USAGE

Bill Adjustment. If upon periodic test, request test, or complaint test a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. Said tests shall be made in accordance with commission regulations applicable to the type of meter involved.

If test results on Customer's meter show an average error greater than two (2) percent fast or slow, or if Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud of theft by Customer, Company shall immediately determine the period during which the error has existed, and shall recompute and adjust Customer's bill to either provide a refund to Customer or collect an additional amount of revenue from the underbilled Customer. Company shall readjust the account based upon the period during which the error is know to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for Customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If Customer and Company are unable to agree on an estimate of the time period during which the error existed, Commission shall determine the issue. In all instances of Customer overbilling, Customer's account shall be credited or the overbilled amount refunded at the

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COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

34. SALES AGREEMENT (IS AND IUS RATE SCHEDULES)

Form of Sales Agreement

Customer shall enter into a contract with Company under Company's standard form of Sales Agreement and Customer shall designate thereon the rate schedule under which such service shall be rendered by Company. Such Sales Agreement shall be subject to the provisions contained in the designated rate schedule and the General Terms, Conditions, Rules and Regulations applicable thereto or any subsequent changes and revisions which are made in accordance with valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

Term

The term of the Sales Agreement executed by Customer shall be for the period commencing with the initial delivery of gas through October 31 of the next succeeding year and from year-to-year thereafter until canceled by either Customer or Company giving written notice to the other no later than March 1, to become effective on November 1, of such year, unless otherwise provided in the applicable rate schedule.

Successors and Assigns

Any Company which shall succeed by purchase, merger or consolidation properties substantially as an entirety, of Company or of Customer, as the case may be, and any Affiliated Successor in Interest which shall acquire from Company the properties of Company used in rendering service to Customer, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Sales Agreement; and either party may assign or pledge the Sales Agreement under the provisions of any mortgage, deed of trust, indenture or similar instrument which it has executed or may execute hereafter; provided, however, such mortgage, deed of trust, indenture or similar instrument shall cover the properties of such party as an entirety unless such party is an Affiliated Successor in Interest as above; otherwise neither party shall assign the Sales Agreement or any of its rights thereunder unless it first shall have obtained the consent thereto in writing of the other party.

Waiver of Default

No waiver by either party of any one or more defaults by the other in the performance of any provisions of the Sales Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

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Vice President - Regulatory Services

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COLUMBIA GAS OF KENTUCKY, INC.

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**FORM OF SERVICE AGREEMENT
FOR IS AND IUS
RATE SCHEDULES**

AGREEMENT made and entered into as of the _____ day of _____, 19__ by and between COLUMBIA GAS OF KENTUCKY, INC., a Kentucky Corporation (hereinafter called Seller), and _____ a _____ Corporation (hereinafter called Buyer).

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. GAS TO BE SOLD

Seller hereby agrees to sell and deliver and Buyer hereby agrees to purchase and receive natural gas for use by Buyer in its operations at the delivery point specified herein and pursuant to the terms, conditions, and price stated in Seller's Rate Schedule(s) _____ on file with the Public Service Commission of Kentucky or any effective superseding Rate Schedule(s). The specific amounts contracted for herein shall be as follows:

SECTION 2. TERM

This agreement shall become effective on _____ and shall continue in effect until _____ and thereafter from year to year unless and until canceled by either Buyer or Seller giving written notice to the other no later than March 1, to become effective on November 1, of such year.

SECTION 3. DELIVERY POINT

The delivery point shall be at _____.

SECTION 4. NOTICES

Notices to Seller under this Agreement shall be addressed to it at P. O. Box 117, Columbus, Ohio 43216, and notices to Buyer shall be addressed to it at _____ until either party shall change its address by written notice to the other.

SECTION 5. CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels, as of the effective date hereof, the Sales Agreement dated _____.

The parties hereto have accordingly and duly executed this Agreement.

COLUMBIA GAS OF KENTUCKY, INC.

APPLICANT

Witness

Witness

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DATE EFFECTIVE:

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**FORM OF SERVICE AGREEMENT
FOR DELIVERY SERVICE (DS AND MLDS)
RATE SCHEDULES (Continued)**

SECTION 7. CONTRACT DATA

Point(s) of Receipt into Columbia Gas of Kentucky

Point(s) of Receipt with Interstate Pipelines:

Interstate Pipeline: _____

Market Code: _____

Other Point(s) of Receipt:

Meter No.: _____ Line No.: _____ County: _____ Market code: _____

Market Area Code "A" means that the point(s) of receipt is serving the market area in which Customer's facilities are located. Market Code "B" means that the point of receipt is not serving the market area in which Customer's facilities are located.

Facility and Volume Detail

Transportation Service Customer	Delivery Service Rate Schedule	Maximum Daily Trans- portation Volume (Mcf)	Annual Trans- portation Volume (Mcf)
<u>(Account #, Service Address)</u> (1) _____	<u>(GS, IS, IUS)</u> _____	<u>(Mcf)</u> _____	<u>(Mcf)</u> _____

Notices - if to Columbia: Columbia Gas of Kentucky, Inc. If to Customer: _____
200 Civic Center Drive, P.O. Box 117 _____
Columbus, Ohio 43216-0117 _____
Attention: Director, Gas Transportation Marketing _____

IN WITNESS WHEREOF, the parties hereto have accordingly and duly executed this Agreement as of the date hereinabove first mentioned.

By: _____
Title: _____

COLUMBIA GAS OF KENTUCKY, INC.
By: _____
Title: _____

(C) Change

DATE OF ISSUE: June 1, 1994

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

GLOSSARY

Daily Firm Volume is the portion of a Customer's Maximum Daily Volume requirements that Customer has chosen to purchase under a published rate schedule from Company which will make gas available at all times except when interruption is necessary due to Force Majeure conditions or where service to Human Needs Customers is threatened.

Day is a period of twenty-four (24) consecutive hours, beginning at 8:00 a.m.

Dekatherm or Dth means one million British thermal units (Btu's).

Firm Sales Volumes means the portion of a Customer's requirements that Customer has chosen to purchase gas under a published sales rate schedule from Company on a firm regular basis.

Human Needs refers to residential Customers and all Customers whose facilities are used for residential dwellings on either a permanent or temporary basis (such as, but not limited to, apartment buildings, correctional institutions, hospitals, nursing homes, hotels and motels).

Local Market Area means a continuous, physically-interconnected system of Company-owned distribution piping through which the Company provides natural gas service to Customers in a discrete geographic area, utilizing one or more common points of delivery from interstate pipeline supplier(s).

Maximum Daily Volume is the greatest volume of gas which Company shall be obligated to deliver to Customer and which Customer shall be entitled to receive from Company during any one day.

Mcf is the abbreviation for one thousand (1,000) cubic feet of gas.

Points of Receipt means those measurement locations where Customer-owned gas is delivered into Company's system.

Standby Service means a type of Backup Service available to GS or IS Customers which will make the contracted quantities of gas available at all times except when interruption is necessary due to force majeure conditions or where service to human needs Customers is threatened.

(C) Change

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Vice President - Regulatory Services

Attachment B

**Columbia Gas of Kentucky, Inc.
Case No. 94-179
Tariff Sheets Effective October 1, 1995**

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u>	<u>Base Rate Surcharge</u>	<u>Gas Cost Adjustment^{1/} Demand</u>	<u>Commodity</u>	<u>Total Billing Rate</u>
	\$	\$	\$	\$	\$
<u>RATE SCHEDULE GSR</u>					
First 1 Mcf or less per Mo.	8.10	0	1.4258	2.5968	12.1226
Over 1 Mcf per Mo.	2.0899		1.4258	2.5968	6.1125
<u>RATE SCHEDULE GSO</u>					
<u>Commercial or Industrial</u>					
First 1 Mcf or less per Mo.	22.00		1.4258	2.5968	26.0226
Next 49 Mcf per Mo.	2.0899		1.4258	2.5968	6.1125
Next 350 Mcf per Mo.	2.0248		1.4258	2.5968	6.0474
Next 600 Mcf per Mo.	1.9248		1.4258	2.5968	5.9474
Over 1000 Mcf per Mo.	1.7508		1.4258	2.5968	5.7734
<u>Delivery Service</u>					
Administrative Charge	65.00				65.00
<u>Standby Service Demand Charge</u>					
Demand Charge times Daily Firm Vol.(Mcf) in Cust.Serv.Agrmt.			10.0709		10.0709
<u>Delivery Rate Per Mcf</u>					
First 400 Mcf per Mo.	2.0248				2.0248
Next 600 Mcf per Mo.	1.9248				1.9248
All Over 1000 Mcf per Mo.	1.7508				1.7508
Former IN8 Rate Per Mcf	1.0124				1.0124
Banking and Balancing Service			0.0213		0.0213

(continued on following sheet)

(I) Increase

^{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.

DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE: October 1, 1995

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/} Demand</u> \$	<u>Commodity^{2/}</u> \$	<u>Total Billing Rate</u> \$
<u>RATE SCHEDULE GPR</u>				
First 1 Mcf or less per Mo.	8.10	N/A	N/A	8.10
Over 1 Mcf per Mo.	2.0899	N/A	N/A	2.0899
<u>RATE SCHEDULE GPO</u>				
<u>Commercial or Industrial</u>				
First 1 Mcf or less per Mo.	22.00	N/A	N/A	22.00
Next 49 Mcf per Mo.	2.0899	N/A	N/A	2.0899
Next 350 Mcf per Mo.	2.0248	N/A	N/A	2.0248
Next 600 Mcf per Mo.	1.9248	N/A	N/A	1.9248
Over 1000 Mcf per Mo.	1.7508	N/A	N/A	1.7508
<u>RATE SCHEDULE IS</u>				
<u>Customer Charge per Mo.</u>				
First 30,000 Mcf	135.79			135.79
Over 30,000 Mcf	0.6288		2.5968 ^{2/}	3.2256
	0.3341		2.5968 ^{2/}	2.9309
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		10.0709		10.0709
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
First 30,000 Mcf	0.6288			0.6288
Over 30,000 Mcf	0.3341			0.3341
Banking and Balancing Service		0.0213		0.0213

(continued on following sheet)

(i) Increase

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/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

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Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**CURRENTLY EFFECTIVE BILLING RATES
(Continued)**

	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/} Demand</u> \$	<u>Commodity</u> \$	<u>Total Billing Rate</u> \$
<u>RATE SCHEDULE IUS</u>				
For All Volumes Delivered Per Mcf	.2912	1.4258	2.5968	4.3138
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
Delivery Rate Per Mcf	.2912	1.4258		1.7170
Banking and Balancing Service		0.0213		0.0213
<u>MAINLINE DELIVERY SERVICE</u>				
Administrative Charge	65.00			65.00
Delivery Rate Per Mcf	0.1000			0.1000
Banking and Balancing Service		0.0213		0.0213
<u>RATE SCHEDULE IN6 - INDUSTRIAL AND COMMERCIAL</u>				
Commodity Charge	1.7363	1.4258	2.5968	5.7589
<u>RATE SCHEDULE IN7 - SMALL COMMERCIAL</u>				
Commodity Charge	.5924	1.4258	2.5968	4.6150

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(I) Increase

^{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.

DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE: October 1, 1995

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL SERVICE (GS) AND GENERAL PROPANE SERVICE (GPS)
RATE SCHEDULES**

APPLICABILITY

Entire service territory of Company. See Sheet 8 for a list of communities.

AVAILABILITY OF SERVICE

Available to residential, commercial and industrial service.

See Sheet Nos. 53 through 58 for Temporary Volumetric Limitations and Curtailment provisions.

BASE RATES

Residential

First	1 Mcf or less per Mo.	@ \$ 8.10	
Over	1 Mcf per Mo.	@ \$ 2.0899 per Mcf	I

Commercial or Industrial

First	1 Mcf or less per Mo.	@ \$ 22.00	
Next	49 Mcf per Mo.	@ \$ 2.0899 per Mcf	I
Next	350 Mcf per Mo.	@ \$ 2.0248 per Mcf	I
Next	800 Mcf per Mo.	@ \$ 1.9248 per Mcf	I
Over	1000 Mcf per Mo.	@ \$ 1.7508 per Mcf	I

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be:

Residential	\$ 8.10
Commercial or Industrial	\$ 22.00

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51 of this tariff which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the minimum charge, shall be subject to a Gas Cost Adjustment, as shown on Sheet 5 of this tariff.

(I) Increase

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE
(Continued)**

CHARACTER OF SERVICE (continued)

provision that the Customer may not concurrently contract with the Company for Delivery Service under Rate DS. The full sales agreement is subject to a minimum contract period of one (1) year as set forth in the General Terms, Conditions, Rules and Regulations, Section 34.

BASE RATES

Customer Charge

\$135.79 per delivery point per month.

Commodity Charge

First 30,000 Mcf
Over 30,000 Mcf

@ \$ 0.6288 per Mcf
@ \$ 0.3341 per Mcf

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MINIMUM MONTHLY CHARGE

The minimum monthly charge each billing month for gas delivered or the right of the Customer to receive same shall be the sum of the Customer Charge of \$135.79, plus the Customer Demand Charge as contracted for under the Standby Service Rate Schedule (Daily Firm Volume as specified in the Customer's service agreement multiplied by the demand rate (See Sheet No. 6)).

In the event of monthly, seasonal or annual curtailment due to gas supply shortage, the demand charge shall be waived when the volume made available is less than 110% of the Daily Firm Volume multiplied by thirty (30). In no event will the minimum monthly charge be less than the Customer charge.

If the delivery of firm volumes of gas by Company is reduced, due to peak day interruption in the delivery of gas by Company or complete or partial suspension of operations by Customer resulting from force majeure, the Minimum Monthly Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service and complete or partial suspension of Customer's operation bears to the total number of days in the billing month. Provided, however, that in cases of Customer's force majeure, the Minimum Monthly Charge shall not be reduced to less than the Customer Charge.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to the Gas Cost Adjustment, including the Commodity and Demand components, as stated on currently effective Sheet Nos. 48 through 51 herein, which are hereby incorporated into this rate schedule.

Gas Sales purchased under this rate schedule that are within the Customer's specified Daily Firm Volume as contracted for under the Standby Service Rate Schedule and Gas Sales purchased by a Customer with a full sales agreement contract are subject to the Commodity Gas Cost as stated on

(I) Increase

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTRASTATE UTILITY SERVICE (IUS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

Available for service to intrastate utilities purchasing gas for resale for consumption solely within the Commonwealth of Kentucky when:

- (1) Company's existing facilities have sufficient capacity and gas supply to provide the quantities of gas requested by said Customer, and
- (2) Customer has executed a Sales Agreement with Company specifying a Maximum Daily Volume.

CHARACTER OF SERVICE

Gas delivered by Company to Customer under this rate schedule shall be firm and shall not be subject to curtailment or interruption, except as provided in Section 33 of the General Terms, Conditions, Rules and Regulations.

BASE RATE

For all gas delivered each month \$0.2912 per Mcf.

MINIMUM MONTHLY CHARGE

The Maximum Daily Volume specified in the Sales Agreement multiplied by \$0.2912 per Mcf, plus applicable gas cost.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51, which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the Customer Charge, shall be subject to a Gas Cost Adjustment as shown on Sheet No. 7 of this tariff.

- (i) Increase

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Vice President - Regulatory Services

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COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a contract with Company for Delivery Service, and
- (2) Customer has normal annual requirements of not less than 6,000 Mcf at any delivery point, and
- (3) Customer currently is a sales Customer under the GS, IS or IUS Rate Schedule.

BASE RATE

General Service:	
First 400 Mcf	\$2.0248 per Mcf for all gas delivered each billing month.
Next 600 Mcf	\$1.9248 per Mcf for all gas delivered each billing month.
Over 1,000 Mcf	\$1.7508 per Mcf for all gas delivered each billing month.
Interruptible Service:	
First 30,000 Mcf	\$0.6288 per Mcf for all gas delivered each billing month.
Over 30,000 Mcf	\$0.3341 per Mcf for all gas delivered each billing month.
Intrastate Utility Service:	\$0.2912 per Mcf for all gas delivered each billing month.
Former INB:	\$1.0124 per Mcf for all gas delivered each billing month.

ADMINISTRATIVE CHARGE

The monthly administrative charge shall be \$65.00.

GAS COST ADJUSTMENT

Recovery of Direct Bill Take-or-Pay

Delivery service Customers shall be subject to a Gas Cost Adjustment as shown on Sheet Nos. 5 and 6.

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Vice President - Regulatory Services

Columbia Gas of Kentucky, Inc.
Case No. 94-179
Tariff Sheets Effective October 1, 1996

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u>	<u>Base Rate Surcharge</u>	<u>Gas Cost Adjustment^{1/} Demand</u>	<u>Commodity</u>	<u>Total Billing Rate</u>
	\$	\$	\$	\$	\$
<u>RATE SCHEDULE GSR</u>					
First 1 Mcf or less per Mo.	8.10	0	1.4258	2.5968	12.1226
Over 1 Mcf per Mo.	2.1800		1.4258	2.5968	6.2026
<u>RATE SCHEDULE GSQ</u>					
<u>Commercial or Industrial</u>					
First 1 Mcf or less per Mo.	22.00		1.4258	2.5968	26.0226
Next 49 Mcf per Mo.	2.1800		1.4258	2.5968	6.2026
Next 350 Mcf per Mo.	2.1149		1.4258	2.5968	6.1375
Next 600 Mcf per Mo.	2.0149		1.4258	2.5968	6.0375
Over 1000 Mcf per Mo.	1.8409		1.4258	2.5968	6.8635
<u>Delivery Service</u>					
Administrative Charge	65.00				65.00
<u>Standby Service Demand Charge</u>					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agmt.			10.0709		10.0709
<u>Delivery Rate Per Mcf</u>					
First 400 Mcf per Mo.	2.1149				2.1149
Next 600 Mcf per Mo.	2.0149				2.0149
All Over 1000 Mcf per Mo.	1.8409				1.8409
Former IN8 Rate Per Mcf	1.0575				1.0575
Banking and Balancing Service			0.0213		0.0213

(continued on following sheet)

(I) Increase

^{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.

DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE: October 1, 1996

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

	<u>Base Rate Charge</u> \$	<u>Gas Cost Demand</u> \$	<u>Adjustment^{1/} Commodity</u> \$	<u>Total Billing Rate</u> \$
<u>RATE SCHEDULE GPR</u>				
First 1 Mcf or less per Mo.	8.10	N/A	N/A	8.10
Over 1 Mcf per Mo.	2.1800	N/A	N/A	2.1800
<u>RATE SCHEDULE GPO</u>				
<u>Commercial or Industrial</u>				
First 1 Mcf or less per Mo.	22.00	N/A	N/A	22.00
Next 49 Mcf per Mo.	2.1800	N/A	N/A	2.1800
Next 350 Mcf per Mo.	2.1149	N/A	N/A	2.1149
Next 600 Mcf per Mo.	2.0149	N/A	N/A	2.0149
Over 1000 Mcf per Mo.	1.8409	N/A	N/A	1.8409
<u>RATE SCHEDULE IS</u>				
<u>Customer Charge per Mo.</u>	135.79			135.79
First 30,000 Mcf	0.8368		2.5968 ^{2/}	3.2336
Over 30,000 Mcf	0.3384		2.5968 ^{2/}	2.9352
<u>Standby Service Demand Charge</u>				
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		10.0709		10.0709
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
First 30,000 Mcf	0.6368			0.6368
Over 30,000 Mcf	0.3384			0.3384
Banking and Balancing Service		0.0213		0.0213

(continued on following sheet)

(1) Increase

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/ IS Customers may be subject to the Demand Gas Cost, under the conditons set forth on Sheets 14 and 15 of this tariff.

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Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES
(Continued)

	<u>Base Rate</u> <u>Charge</u> \$	<u>Gas Cost Adjustment</u> ^{1/} <u>Demand</u> \$	<u>Commodity</u> \$	<u>Total</u> <u>Billing</u> <u>Rate</u> \$
<u>RATE SCHEDULE IUS</u>				
For All Volumes Delivered Per Mcf	.3539	1.4258	2.5968	4.3765
<u>Delivery Service</u>				
Administrative Charge	65.00			65.00
Delivery Rate Per Mcf	.3539	1.4258		1.7797
Banking and Balancing Service		0.0213		0.0213
<u>MAINLINE DELIVERY SERVICE</u>				
Administrative Charge	65.00			65.00
Delivery Rate Per Mcf	0.1000			0.1000
Banking and Balancing Service		0.0213		0.0213
<u>RATE SCHEDULE IN6 - INDUSTRIAL AND COMMERCIAL</u>				
Commodity Charge	1.7363	1.4258	2.5968	5.7589
<u>RATE SCHEDULE IN7 - SMALL COMMERCIAL</u>				
Commodity Charge	.5924	1.4258	2.5968	4.6150

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(I) Increase

^{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.

DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE: October 1, 1996

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL SERVICE (GS) AND GENERAL PROPANE SERVICE (GPS)
RATE SCHEDULES**

APPLICABILITY

Entire service territory of Company. See Sheet 8 for a list of communities.

AVAILABILITY OF SERVICE

Available to residential, commercial and industrial service.

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

BASE RATES

Residential

First	1 Mcf or less per Mo.	@ \$ 8.10
Over	1 Mcf per Mo.	@ \$ 2.1800 per Mcf

Commercial or Industrial

First	1 Mcf or less per Mo.	@ \$ 22.00
Next	49 Mcf per Mo.	@ \$ 2.1800 per Mcf
Next	350 Mcf per Mo.	@ \$ 2.1149 per Mcf
Next	600 Mcf per Mo.	@ \$ 2.0149 per Mcf
Over	1000 Mcf per Mo.	@ \$ 1.8409 per Mcf

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be:

Residential	\$ 8.10
Commercial or Industrial	\$ 22.00

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51 of this tariff which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the minimum charge, shall be subject to a Gas Cost Adjustment, as shown on Sheet 5 of this tariff.

(I) Increase

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE
(Continued)**

CHARACTER OF SERVICE (continued)

provision that the Customer may not concurrently contract with the Company for Delivery Service under Rate DS. The full sales agreement is subject to a minimum contract period of one (1) year as set forth in the General Terms, Conditions, Rules and Regulations, Section 34.

BASE RATES

Customer Charge

\$135.79 per delivery point per month.

Commodity Charge

First 30,000 Mcf	@ \$ 0.6368 per Mcf
Over 30,000 Mcf	@ \$ 0.3384 per Mcf

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MINIMUM MONTHLY CHARGE

The minimum monthly charge each billing month for gas delivered or the right of the Customer to receive same shall be the sum of the Customer Charge of \$135.79, plus the Customer Demand Charge as contracted for under the Standby Service Rate Schedule (Daily Firm Volume as specified in the Customer's service agreement multiplied by the demand rate (See Sheet No. 6)).

In the event of monthly, seasonal or annual curtailment due to gas supply shortage, the demand charge shall be waived when the volume made available is less than 110% of the Daily Firm Volume multiplied by thirty (30). In no event will the minimum monthly charge be less than the Customer charge.

If the delivery of firm volumes of gas by Company is reduced, due to peak day interruption in the delivery of gas by Company or complete or partial suspension of operations by Customer resulting from force majeure, the Minimum Monthly Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service and complete or partial suspension of Customer's operation bears to the total number of days in the billing month. Provided, however, that in cases of Customer's force majeure, the Minimum Monthly Charge shall not be reduced to less than the Customer Charge.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to the Gas Cost Adjustment, including the Commodity and Demand components, as stated on currently effective Sheet Nos. 48 through 51 herein, which are hereby incorporated into this rate schedule.

Gas Sales purchased under this rate schedule that are within the Customer's specified Daily Firm Volume as contracted for under the Standby Service Rate Schedule and Gas Sales purchased by a Customer with a full sales agreement contract are subject to the Commodity Gas Cost as stated on

(I) Increase

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Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**INTRASTATE UTILITY SERVICE (IUS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

Available for service to intrastate utilities purchasing gas for resale for consumption solely within the Commonwealth of Kentucky when:

- (1) Company's existing facilities have sufficient capacity and gas supply to provide the quantities of gas requested by said Customer, and
- (2) Customer has executed a Sales Agreement with Company specifying a Maximum Daily Volume.

CHARACTER OF SERVICE

Gas delivered by Company to Customer under this rate schedule shall be firm and shall not be subject to curtailment or interruption, except as provided in Section 33 of the General Terms, Conditions, Rules and Regulations.

BASE RATE

For all gas delivered each month \$0.3539 per Mcf.

MINIMUM MONTHLY CHARGE

The Maximum Daily Volume specified in the Sales Agreement multiplied by \$0.3539 per Mcf, plus applicable gas cost.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51, which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the Customer Charge, shall be subject to a Gas Cost Adjustment as shown on Sheet No. 7 of this tariff.

(I) Increase

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DATE OF ISSUE: June 1, 1994

DATE EFFECTIVE: October 1, 1996

Issued by: K. I. Shroyer

Vice President - Regulatory Services

COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a contract with Company for Delivery Service, and
- (2) Customer has normal annual requirements of not less than 6,000 Mcf at any delivery point, and
- (3) Customer currently is a sales Customer under the GS, IS or IUS Rate Schedule.

BASE RATE

General Service:	
First 400 Mcf	\$2.1149 per Mcf for all gas delivered each billing month.
Next 600 Mcf	\$2.0149 per Mcf for all gas delivered each billing month.
Over 1,000 Mcf	\$1.8409 per Mcf for all gas delivered each billing month.
Interruptible Service:	
First 30,000 Mcf	\$0.6368 per Mcf for all gas delivered each billing month.
Over 30,000 Mcf	\$0.3384 per Mcf for all gas delivered each billing month.
Intrastate Utility Service:	\$0.3539 per Mcf for all gas delivered each billing month.
Former INB:	\$1.0575 per Mcf for all gas delivered each billing month.

ADMINISTRATIVE CHARGE

The monthly administrative charge shall be \$65.00.

GAS COST ADJUSTMENT

Recovery of Direct Bill Take-or-Pay

Delivery service Customers shall be subject to a Gas Cost Adjustment as shown on Sheet Nos. 5 and 6.

(I) Increase

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Vice President - Regulatory Services

Columbia Gas of Kentucky, Inc.
Case No. 94-179
SFAS No. 106 Calculations in Support of Settlement

COLUMBIA GAS OF KENTUCKY, INC.

CASE NO. 94-179

SFAS NO. 106 CALCULATIONS IN SUPPORT OF SETTLEMENT

1	<u>Calculation of 1993 Incremental Post-Retirement Cost</u>	
2	(Reference: AG Set I, Question No. 127)	
		\$
3	Accrual	1,179,000
4	Less Cash Payments	<u>463,748</u>
5	Net	715,252
6	Plus Housekeeping	<u>160,274</u>
7	Total	<u><u>875,526</u></u>
8	<u>Calculation of the Amortization of the Transition Obligation Over 18 Years</u>	
9	Transition Obligation Including Housekeeping Costs at January 1, 1995	
10	(Reference: S. F. Phelps' Direct Testimony, P. 10, L. 3)	10,564,718
11	Less: 1993 Incremental Post-Retirement Cost	
12	(Reference: AG Set I, Question No. 127)	<u>875,526</u>
13	Sub-Total	9,689,192
14	Amortization Period	<u>18</u>
15	Yearly Amortization	
16	(Line 15 / Line 16)	<u><u>538,288</u></u>
17	Annual Capitalization @ 14.84%	
18	(Line 16 X 14.84%)	79,882 1/2
19	Annual O&M Amortization	
20	(Line 16 - Line 18)	458,406

1/2 The capitalized portion of the amortization of the transition obligation will be recovered over time through depreciation expense.

Attachment E

**Columbia Gas of Kentucky, Inc.
Case No. 94-179
Customer Assistance Pilot Program**

INTRODUCTION

Columbia Gas of Kentucky is proposing the development of a pilot Customer Assistance Program (CAP) as an alternative payment plan for its low-income customers. CAP will differ from existing budget payment plans in that it will limit the required monthly payment to a fixed percentage of a customer's income. While actual energy bills may vary due to extremes of weather or increases in energy costs, customer payments under the CAP plan would remain fixed and only change if there were annual changes in their gross income.

To enhance the success of CAP, Columbia desires to work with a CAP Collaborative work group made up of a small internal team and representatives from agencies having expertise at working with low-income utility payment problems. The purpose of the collaborative will be to establish a detailed work plan for implementing the pilot CAP. The work plan will lay out specific guidelines for program participation with respect to demographic segmentation, targeting services, structuring the payment terms and customer responsibilities, outreach and enrollment, linking to other energy assistance programs, administrative roles, and program evaluation.

Columbia proposes that utility shortfall amounts and administrative expenses be recovered through a base rate CAP Surcharge to be determined quarterly and reconciled annually.

SELECTION OF PROGRAM PARTICIPANTS

Columbia Gas of Kentucky, Inc. has approximately 116,245 residential customers of which 4,737 receive assistance from the federal Low-Income Home Energy Assistance Program (LIHEAP) and therefore have an annual income at or below 110 percent of federal poverty guidelines. Columbia proposes a Customer Assistance Program (CAP) pilot program for up to 750 of its customers whose incomes fall below these guidelines, to be implemented over a period of three years. The first phase of the program should become effective by November 1, 1995.

All program participants will be active customers of Columbia Gas of Kentucky who are enrolled in the federal LIHEAP program. Columbia proposes phasing the start up of CAP by enrolling up to 500 Lexington area customers in the first year and adding up to 250 more customers from the Ashland area in the second year.

A CAP Collaborative work group (see introduction) will examine various demographic characteristics of Columbia's low income customer base to determine the appropriate selection criteria for program participants. Among the key characteristics to examine are segmentation of customers by poverty levels (i.e. number of customers with income levels between 0 and 50 percent of poverty, those between 51 and 75 percent, etc.), energy consumption levels, and the degree of difficulty facing customers in meeting monthly gas payment obligations.

Input from the Collaborative will help identify a level of energy burden or define the specific needs to be mitigated through a CAP payment plan. From an examination of actual low-income customer data, eligibility criteria will be formulated as well as the detailed program enrollment and annual income reverification procedures.

PAYMENT TERMS

Columbia and the CAP Collaborative will give careful consideration to different types of payment plan options based on an in-depth review of customer income levels and annual gas consumption. At the same time the Collaborative must be mindful of the need to streamline administrative and procedural aspects of the pilot so as to keep such costs in step with the benefits rendered to program participants.

Participating customers will be asked to pay a percentage of their income on a monthly basis. Columbia recommends the establishment of a two-tier system to reflect the differing needs between those customers at very low income levels as compared to those with higher incomes. A suggested percentage of income classification and method for determining CAP payment plans are described below.

Table 1

Percentage of Payment Classification

Level	Percent of Federal Poverty Guidelines	Percent of Monthly Gross Income to Be Applied To Monthly Gas Bill
Level 1	0 - 75 Percent Poverty	5 Percent of Monthly Income
Level 2	76 - 110 Percent Poverty	7 Percent of Monthly Income

To determine a CAP payment amount, one would begin by using the federal poverty guidelines contained in Table 2 to determine which level of poverty the annual income by family size is applicable. For example, assume that a family of three has an annual income of \$8,412. Using Table 2 it can be determined that this income

falls within poverty guidelines of 0 to 75 percent. From Table 1 it can then be determined that a household with an annual income below 75 percent of the guidelines would be classified as Level 1 and would be required to apply 5 percent of its monthly income for the CAP payment.

To calculate the monthly CAP payment, the gross annual income is divided by twelve to obtain the monthly gross income. The quotient is multiplied by the corresponding percent (either 5 or 7) from Table 1 which results in the specific CAP payment amount. Using the example above, a household with an annual gross income of \$8,412 would have a CAP payment amount of \$35.05 ($\$8,412 \div 12 = \$701 \times .05 = \35.05).

Table 2

1994-95 Federal Poverty Guidelines

Family Size	75% Poverty (\$ per year)	100% Poverty (\$ per year)	110% Poverty (\$ per year)
1	5,520	7,360	8,096
2	7,380	9,840	10,824
3	9,240	12,320	13,552
4	11,100	14,760	16,236
5	12,960	17,820	19,602

For participating customers having a pre-program arrearage, and additional co-pay of \$5 per month will be added to the CAP payment plan amount. Using the example from above, if a household of three earning \$8,412 annually has an outstanding arrearage at the time it enrolls in the CAP program, the flat payment

amount would be \$35.05 (CAP plan) plus a \$5 co-pay toward the pre-program arrears.

Each month that the customer makes a timely CAP payment, plus the \$5 co-pay, the customer will be entitled to the forgiveness of 1/36 of pre-program arrearages. This will give the customer the strong incentive to make CAP payments on time. Once a participating family satisfies its outstanding arrearage through the combination of co-pays and arrearage forgiveness, the co-pay would no longer be required.

Any LIHEAP or other qualifying assistance grant received by the customer or on behalf of the customer will be credited first to any pre-program arrearage. If no arrearage exists, or if the payment exceeds the arrearage, the excess will be credited to the CAP shortfall amount.

CUSTOMER RESPONSIBILITIES

The CAP pilot will be structured so the initial enrollment would be subject to agreed-upon conditions between the participant and Columbia. These conditions will be reviewed by the CAP collaborative but would address issues such as default, termination from the program, conditions under which reinstatement would be considered, and an annual income reverification process.

Participating customers would be required to apply for all available and free weatherization assistance and conservation programs. Columbia will work with local weatherization agencies to determine whether or not CAP participants have received weatherization services in the past and how future referrals can be made. Columbia will also assemble a package of conservation education materials to be used in conjunction with the CAP pilot.

EVALUATION

Development of the CAP evaluation plan will also be a task for the collaborative group. Generally, the evaluation work plan should address three components: routine reporting, process evaluation, and impact evaluation.

Routine reports would be generated on a monthly or quarterly basis to summarize activity of participants. These reports will include such items as tracking the number of enrollments by month, the value of CAP contributions, utility shortfall amounts, payment frequency, number of enrollments maintained, customer defaults and reason codes.

Process evaluation would be applied after the first or second year of the program to identify the effectiveness of outreach and enrollment practices, customer satisfaction with CAP compared with pre-CAP payment plan experience, and administrative practices. Methods for evaluating program process would include interviews with utility staff, outside agencies involved with the CAP program, and program participants.

Evaluating the impacts of the CAP program would focus on comparing the CAP participants as a whole to a nonparticipating group of customers who are similar with respect to demographic characteristics, energy consumption, payment practices, and arrearages. This analysis should be structured to examine the costs and benefits of the CAP program to program participants, nonparticipating customers, and to the utility, and should include an assessment of any and all avoided utility costs related to credit and collection activities.

The CAP collaborative will include the evaluation design in its CAP program work plan, including the list of research questions to be addressed and a review of specific methodologies to be used.

PROGRAM ADMINISTRATION

Columbia intends to contract with a local community-based nonprofit organization for portions of the CAP administrative duties. Organizations presently involved with federally-funded energy assistance and weatherization programs are ideally positioned to handle activities such as outreach, annual income verification, linkage to other related community services, and follow-up with delinquent CAP accounts.

Details of administrative procedures will be included in items to be addressed by the CAP Collaborative.

COST RECOVERY

The administrative and program costs will be recovered throughout the pilot period through a base rate CAP Surcharge that will be applicable to all residential General Service Customers.

Columbia proposes that the surcharge be filed with the Commission on a quarterly basis, at least thirty (30) days prior to the beginning of each quarterly calendar period. Costs to be recovered will consist of administrative costs and shortfall amounts.

The cost recovery mechanism will be based on annual estimates of the CAP participants' shortfall, plus an annual estimate of the administrative costs. (The annual estimates will be reevaluated each quarter). The total CAP costs will then be divided by normalized Residential sales volumes for the latest available twelve month period, to determine a rate per Mcf surcharge.

A reconciliation of costs and surcharge revenues would be performed annually, which would compensate for any over or under collections experienced in the prior year. The reconciliation factor would be in effect over the following year.

Attachment F (a)

**Columbia Gas of Kentucky, Inc.
Case No. 94-179
Development of Proposed Settlement Rates
At the October 1, 1994 Level**

Columbia Gas of Kentucky, Inc
 Case No. 94-179
 Revenue At Settlement Rates based
 On Forecasted Period 12/31/95
 10/1/94

Rate Sch	Description	Number of Bills	Volumes	Settlement Rates	Base Rate Revenue	Gas Cost	Gas Cost Recovery	Revenue @ 10/1/94	Revenue @ Current Rates	Change	Change
(A)	(B)	(C)	(D) Mcf	(E) \$	(F) \$	(G) \$	(H) \$	(I) \$	(J) \$	(K) \$	(L) %
GSR RATE SCHEDULE											
RESIDENTIAL TARIFF											
	First One Mcf or Less Per Month	1,411,968		8.10	11,436,941			11,436,941			
	Mcf Included in Minimum Over 1 Mcf		1,349,252.0 10,032,025.0			4.0228 4.0228	5,427,501 40,354,824	5,427,501 59,961,414			
	Total GSR Rate Schedule	1,411,968	11,381,277.0		31,043,531		45,782,325	76,825,856	73,012,900	3,812,956	5.22%
GSO RATE SCHEDULE											
COMMERCIAL AND INDUSTRIAL TARIFF											
	First One Mcf or Less Per Month	160,812		22.00	3,537,864			3,537,864			
	Mcf Included in Minimum		136,317.0			4.0228	548,349	548,349			
	Next 49 Mcf		1,886,194.6	1.9544	3,686,379	4.0228	7,587,408	11,273,785			
	Next 350 Mcf		1,370,015.4	1.8910	2,590,699	4.0228	5,511,024	8,101,723			
	Next 600 Mcf		326,022.4	1.7910	583,908	4.0228	1,311,458	1,895,364			
	Over 1000 Mcf		1,912,572.6	1.6170	3,092,630	4.0228	7,693,515	10,786,145			
	Total GSO Rate Schedule	160,812	5,631,122.0		13,491,478		22,651,752	36,143,230	34,150,158	1,993,072	5.84%
IS RATE SCHEDULE											
COMMERCIAL AND INDUSTRIAL TARIFF											
	Minimum Bill Per Month	1,056		135.79	143,394			143,394			
	First 30,000 Mcf		207,556.1	0.6158	127,813	2.5968	538,982	666,795			
	Over 30,000 Mcf		0.0	0.3293	0	2.5968	0	0			
	Total IS Rate Schedule	1,056	207,556.1		271,207		538,982	810,189	1,090,556	(280,367)	-25.71%
IUS RATE SCHEDULE											
	All Gas	60	121,548.0	0.1972	23,969	4.0228	488,939	512,908			
	Total IUS Rate Schedule	60	121,548.0		23,969		488,939	512,908	508,022	4,886	0.96%
FORMER INLAND SPECIAL RATE CUSTOMERS											
	All Gas	420	31,701.9	Various	51,721.0	4.0228	127,524	179,245			
	Total Inland Special Rate Customers	420	31,701.9		51,721.0		127,524	179,245	178,723	522	0.29%

Columbia Gas of Kentucky,
Case No. 94-179
Revenue At Settlement Rates Based
On Forecasted Period 12/31/95

Rate Sch	Description	Number of Bills	Volumes	10/1/94 Settlement Rates	Base Rate Revenue	Gas Cost	Gas Cost Recovery	Revenue @ 10/1/94	Revenue @ Current Rates	Change	Change
(A)	(B)	(C)	(D) Mcf	(E) \$	(F) \$	(G) \$	(H) \$	(I) \$	(J) \$	(K) \$	(L) %
<u>LGE RATE SCHEDULE</u>											
	Minimum Bill Per Month	960		4.48	4,301			4,301			
	All Gas		14,814.0	0.0000		4.0226	59,591	59,591			
	Minimum Bill Per Month	144		8.96	1,290			1,290			
	All Gas		6,841.0	0.0000		4.0226	27,519	27,519			
	Total LGE Rate Schedule	1,104	21,655.0		5,591.0		87,109.4	92,700.4	92,344.0	356	0.39%
TOTAL TARIFF RATE SCHEDULES		1,575,420	17,394,860		44,887,497		69,676,631	114,584,128	109,032,703	5,531,425	5.07%
<u>DS-GS RATE SCHEDULE</u>											
	Administrative Charge	324		65.00	21,060			21,060			
	First 400 Mcf		102,644.0	1.8910	194,100			194,100			
	Next 600 Mcf		123,891.0	1.7910	221,889			221,889			
	Over 1000 Mcf		175,848.0	1.6170	284,346			284,346			
	Total DS-GS Rate Schedule	324	402,383.0		721,395	0.0000	0	721,395	639,225	82,170	12.85%
<u>DS-IS RATE SCHEDULE</u>											
	Administrative Charge	924		65.00	60,060			60,060			
	First 30,000 Mcf		5,456,165.0	0.6158	3,359,906			3,359,906			
	Over 30,000 Mcf		2,604,650.0	0.3293	857,711	0.0000	0	857,711			
	Total DS-IS Rate Schedule	924	8,060,815.0		4,277,677		0	4,277,677	3,913,444	364,233	9.31%
<u>IN8 RATE SCHEDULE</u>											
INDUSTRIAL GTS											
	Administrative Charge	24		65.00	1,560			1,560			
	All Gas		7,500.0	0.9455	7,091	0.0000	0	7,091			
	Total IN8 Industrial Rate Schedule	24	7,500.0		8,651		0	8,651	3,428	5,223	152.36%

Columbia Gas of Kentucky,
Case No. 94-179
Revenue At Settlement Rates Based
On Forecasted Period 12/31/95

Rate Sch (A)	Description (B)	Number of Bills (C)	Volumes (D) Mcf	10/1/94 Settlement Rates (E) \$	Base Rate Revenue (F) \$	Gas Cost (G) \$	Gas Cost Recovery (H) \$	Revenue @ 10/1/94 (I) \$	Revenue @ Current Rates (J) \$	Change (K) \$	Change (L) %
<u>FLEX RATE SCHEDULES</u>											
	Administrative Charge	60		65.00	3,900			3,900			
	All Gas		2,993,300.0	0.2661	796,513	0.0000	0	796,513			
	Total Flex Rate Schedules	60	2,993,300.0		800,413		0	800,413	796,513	3,900	0.49%
<u>MAIN LINE RATE SCHEDULE</u>											
INDUSTRIAL GTS											
	Administrative Charge	60		65.00	3,900			3,900			
	All Gas		5,834,300.0	0.1000	583,430	0.0000	0	583,430			
	Total ML Industrial Rate Schedule	60	5,834,300.0		587,330		0	587,330	583,430	3,900	0.67%
	TOTAL GTS RATE SCHEDULES	1,392	17,298,298		6,395,466		0	6,395,466	5,936,040	459,426	7.74%
	TOTAL THROUGHPUT	1,576,812	34,693,158.0		51,282,963		69,876,631	120,959,594	114,968,743	5,990,851	5.21%
	Total Other Gas Department Revenue				88,864			88,864	84,000	4,864	5.79%
	TOTAL REVENUE REQUIRED				51,371,827			121,048,458	115,052,743	5,995,715	5.21%

Attachment F (b)

**Columbia Gas of Kentucky, Inc.
Case No. 94-179
Development of Proposed Settlement Rates
At the October 1, 1995 Level**

Columbia Gas of Kentucky, I
 Case No. 94-179
 Revenue At Settlement Rates Based
 On Forecasted Period 12/31/95

Rate Sch	Description	Number of Bills	Volumes	10/1/95 Settlement Rates	Base Rate Revenue	Gas Cost	Gas Cost Recovery	Revenue @ 10/1/95	Revenue @ 10/1/94	Change	Change
(A)	(B)	(C)	(D) Mcf	(E) \$	(F) \$	(G) \$	(H) \$	(I) \$	(J) \$	(K) \$	(L) %
<u>GSR RATE SCHEDULE</u>											
RESIDENTIAL TARIFF											
	First One Mcf or Less Per Month	1,411,968		8.10	11,436,941			11,436,941			
	Mcf Included in Minimum Over 1 Mcf		1,349,252.0			4.0226	5,427,501	5,427,501			
			10,032,025.0	2.0899	20,965,929	4.0226	40,354,824	61,320,753			
	Total GSR Rate Schedule	1,411,968	11,381,277.0		32,402,870		45,782,325	78,185,195	76,825,856	1,359,339	1.77%
<u>GSO RATE SCHEDULE</u>											
COMMERCIAL AND INDUSTRIAL TARIFF											
	First One Mcf or Less Per Month	160,812		22.00	3,537,864			3,537,864			
	Mcf Included in Minimum		136,317.0			4.0226	548,349	548,349			
	Next 49 Mcf		1,886,194.6	2.0899	3,941,958	4.0226	7,587,406	11,529,364			
	Next 350 Mcf		1,370,015.4	2.0248	2,774,007	4.0226	5,511,024	8,285,031			
	Next 600 Mcf		326,022.4	1.9248	627,528	4.0226	1,311,458	1,938,988			
	Over 1000 Mcf		1,912,572.6	1.7508	3,348,532	4.0226	7,693,515	11,042,047			
	Total GSO Rate Schedule	160,812	5,631,122.0		14,229,889		22,651,752	36,881,641	36,143,230	738,411	2.04%
<u>IS RATE SCHEDULE</u>											
COMMERCIAL AND INDUSTRIAL TARIFF											
	Minimum Bill Per Month	1,056		135.79	143,394			143,394			
	First 30,000 Mcf		207,556.1	0.8288	130,511	2.5968	538,982	669,493			
	Over 30,000 Mcf		0.0	0.3341	0	2.5968	0	0			
	Total IS Rate Schedule	1,056	207,556.1		273,905		538,982	812,887	810,189	2,698	0.33%
<u>IUS RATE SCHEDULE</u>											
	All Gas	60	121,548.0	0.2912	35,395	4.0226	488,939	524,334			
	Total IUS Rate Schedule	60	121,548.0		35,395		488,939	524,334	512,908	11,426	2.23%
<u>FORMER INLAND SPECIAL RATE CUSTOMERS</u>											
	All Gas	420	31,701.9	Various	51,721.0	4.0226	127,524	179,245			
	Total Inland Special Rate Customers	420	31,701.9		51,721.0		127,524	179,245	179,245	0	0.00%

Columbia Gas of Kentucky, .
Case No. 94-179
Revenue At Settlement Rates Based
On Forecasted Period 12/31/95

Rate Sch	Description	Number of Bills	Volumes	10/1/95 Settlement Rates	Base Rate Revenue	Gas Cost	Gas Cost Recovery	Revenue @ 10/1/95	Revenue @ 10/1/94	Change	Change
(A)	(B)	(C)	(D) Mcf	(E) \$	(F) \$	(G) \$	(H) \$	(I) \$	(J) \$	(K) \$	(L) %
<u>LGE RATE SCHEDULE</u>											
	Minimum Bill Per Month	960		4.48	4,301			4,301			
	All Gas		14,814.0	0.0000		4.0226	59,591	59,591			
	Minimum Bill Per Month	144		8.96	1,290			1,290			
	All Gas		6,841.0	0.0000		4.0226	27,519	27,519			
	Total LGE Rate Schedule	1,104	21,655.0		5,591.0		87,109.4	92,700.4	92,700	0	0.00%
TOTAL TARIFF RATE SCHEDULES		1,575,420	17,394,860		46,999,371		69,676,631	116,676,002	114,564,128	2,111,874	1.84%
<u>DS-GS RATE SCHEDULE</u>											
	Administrative Charge	324		65.00	21,060			21,060			
	First 400 Mcf		102,644.0	2.0248	207,834			207,834			
	Next 600 Mcf		123,891.0	1.9248	238,465			238,465			
	Over 1000 Mcf		175,848.0	1.7508	307,875			307,875			
	Total DS-GS Rate Schedule	324	402,383.0		775,234	0.0000	0	775,234	721,395	53,839	7.46%
<u>DS-IS RATE SCHEDULE</u>											
	Administrative Charge	924		65.00	60,060			60,060			
	First 30,000 Mcf		5,456,165.0	0.6288	3,430,837			3,430,837			
	Over 30,000 Mcf		2,604,650.0	0.3341	870,214	0.0000	0	870,214			
	Total DS-IS Rate Schedule	924	8,060,815.0		4,361,111		0	4,361,111	4,277,677	83,434	1.95%
<u>IN8 RATE SCHEDULE</u>											
INDUSTRIAL GTS											
	Administrative Charge	24		65.00	1,560			1,560			
	All Gas		7,500.0	1.0124	7,593	0.0000	0	7,593			
	Total IN8 Industrial Rate Schedule	24	7,500.0		9,153		0	9,153	8,651	502	5.80%

Columbia Gas of Kentucky,
Case No. 84-178
Revenue At Settlement Rates Based
On Forecasted Period 12/31/95

Rate Sch (A)	Description (B)	Number of Bills (C)	Volumes (D) Mcf	10/1/95 Settlement Rates (E) \$	Base Rate Revenue (F) \$	Gas Cost (G) \$	Gas Cost Recovery (H) \$	Revenue @ 10/1/95 (I) \$	Revenue @ 10/1/94 (J) \$	Change (K) \$	Change (L) %
FLEX RATE SCHEDULES											
	Administrative Charge	60		65.00	3,900			3,900			
	All Gas		2,993,300.0	0.2681	796,513	0.0000	0	796,513			
	Total Flex Rate Schedules	60	2,993,300.0		800,413		0	800,413	800,413	0	0.00%
MAIN LINE RATE SCHEDULE											
INDUSTRIAL GTS											
	Administrative Charge	60		65.00	3,900			3,900			
	All Gas		5,834,300.0	0.1000	583,430	0.0000	0	583,430			
	Total ML Industrial Rate Schedule	60	5,834,300.0		587,330		0	587,330	587,330	0	0.00%
	TOTAL GTS RATE SCHEDULES	1,392	17,296,298		6,533,241		0	6,533,241	6,395,466	137,775	2.15%
	TOTAL THROUGHPUT	1,576,812	34,693,158.0		53,532,612		69,676,631	123,209,243	120,959,594	2,249,649	1.86%
	Total Other Gas Department Revenue				88,864			88,864	88,864	0	0.00%
	TOTAL REVENUE REQUIRED				53,621,476			123,298,107	121,048,458	2,249,649	1.86%

Columbia Gas of Kentucky, Inc.
Case No. 94-179
Development of Proposed Settlement Rates
At the October 1, 1996 Level

Columbia Gas of Kentucky, Inc.
 Case No. 94-179
 Revenue At Settlement Rates Based
 On Forecasted Period 12/31/95
 10/1/96

Rate Sch (A)	Description (B)	Number of Bills (C)	Volumes (D) Mcf	Settlement Rates (E) \$	Base Rate Revenue (F) \$	Gas Cost (G) \$	Gas Cost Recovery (H) \$	Revenue @ 10/1/96 (I) \$	Revenue @ 10/1/95 (J) \$	Change (K) \$	Change (L) %
<u>GSR RATE SCHEDULE</u>											
RESIDENTIAL TARIFF											
	First One Mcf or Less Per Month	1,411,968		8.10	11,436,941			11,436,941			
	Mcf Included In Minimum Over 1 Mcf		1,349,252.0			4.0226	5,427,501	5,427,501			
			10,032,025.0	2.1800	21,869,815	4.0226	40,354,824	62,224,639			
	Total GSR Rate Schedule	1,411,968	11,381,277.0		33,306,756		45,782,325	79,089,081	78,185,195	903,886	1.16%
<u>GSO RATE SCHEDULE</u>											
COMMERCIAL AND INDUSTRIAL TARIFF											
	First One Mcf or Less Per Month	160,812		22.00	3,537,864			3,537,864			
	Mcf Included In Minimum		136,317.0			4.0226	548,349	548,349			
	Next 49 Mcf		1,886,194.6	2.1800	4,111,904	4.0226	7,587,406	11,699,310			
	Next 350 Mcf		1,370,015.4	2.1149	2,897,446	4.0226	5,511,024	8,408,470			
	Next 600 Mcf		326,022.4	2.0149	656,903	4.0226	1,311,458	1,968,361			
	Over 1000 Mcf		1,912,572.6	1.8409	3,520,855	4.0226	7,693,515	11,214,370			
	Total GSO Rate Schedule	160,812	5,631,122.0		14,724,972		22,651,752	37,376,724	36,821,641	495,083	1.34%
<u>IS RATE SCHEDULE</u>											
COMMERCIAL AND INDUSTRIAL TARIFF											
	Minimum Bill Per Month	1,056		135.79	143,394			143,394			
	First 30,000 Mcf		207,556.1	0.6368	132,172	2.5968	538,982	671,154			
	Over 30,000 Mcf		0.0	0.3384	0	2.5968	0	0			
	Total IS Rate Schedule	1,056	207,556.1		275,566		538,982	814,548	812,887	1,661	0.20%
<u>IUS RATE SCHEDULE</u>											
	All Gas	60	121,548.0	0.3539	43,016	4.0226	488,939	531,955			
	Total IUS Rate Schedule	60	121,548.0		43,016		488,939	531,955	524,334	7,621	1.45%
<u>FORMER INLAND SPECIAL RATE CUSTOMERS</u>											
	All Gas	420	31,701.9	Various	51,721.0	4.0226	127,524	179,245			
	Total Inland Special Rate Customers	420	31,701.9		51,721.0		127,524	179,245	179,245	0	0.00%

Columbia Gas of Kentucky,
Case No. 94-179
Revenue At Settlement Rates Based
On Forecasted Period 12/31/95

Rate Sch (A)	Description (B)	Number of Bills (C)	Volumes (D) Mcf	10/1/96 Settlement Rates (E) \$	Base Rate Revenue (F) \$	Gas Cost (G) \$	Gas Cost Recovery (H) \$	Revenue @ 10/1/96 (I) \$	Revenue @ 10/1/95 (J) \$	Change (K) \$	Change (L) %
<u>LGE RATE SCHEDULE</u>											
	Minimum Bill Per Month	960		4.48	4,301			4,301			
	All Gas		14,814.0	0.0000		4.0228	59,591	59,591			
	Minimum Bill Per Month	144		8.98	1,290			1,290			
	All Gas		6,841.0	0.0000		4.0228	27,519	27,519			
	Total LGE Rate Schedule	1,104	21,655.0		5,591.0		87,109.4	92,700.4	92,700	0	0.00%
TOTAL TARIFF RATE SCHEDULES		1,575,420	17,394,860		48,407,622		69,676,631	118,084,253	116,676,002	1,408,251	1.21%
<u>DS-GS RATE SCHEDULE</u>											
	Administrative Charge	324		65.00	21,060			21,060			
	First 400 Mcf		102,644.0	2.1148	217,082			217,082			
	Next 600 Mcf		123,891.0	2.0149	249,628			249,628			
	Over 1000 Mcf		175,848.0	1.8409	323,719			323,719			
	Total DS-GS Rate Schedule	324	402,383.0		811,489	0.0000	0	811,489	775,234	36,255	4.68%
<u>DS-IS RATE SCHEDULE</u>											
	Administrative Charge	924		65.00	60,060			60,060			
	First 30,000 Mcf		5,456,165.0	0.6368	3,474,486			3,474,486			
	Over 30,000 Mcf		2,604,650.0	0.3384	881,414	0.0000	0	881,414			
	Total DS-IS Rate Schedule	924	8,060,815.0		4,415,960		0	4,415,960	4,361,111	54,849	1.26%
<u>IN8 RATE SCHEDULE</u>											
INDUSTRIAL GTS											
	Administrative Charge	24		65.00	1,560			1,560			
	All Gas		7,500.0	1.0575	7,931	0.0000	0	7,931			
	Total IN8 Industrial Rate Schedule	24	7,500.0		9,491		0	9,491	9,153	338	3.69%

Columbia Gas of Kentucky,
Case No. 94-179
Revenue At Settlement Rates Based
On Forecasted Period 12/31/95

Rate Sch (A)	Description (B)	Number of Bills (C)	Volumes (D) Mcf	10/1/96 Settlement Rates (E) \$	Base Rate Revenue (F) \$	Gas Cost (G) \$	Gas Cost Recovery (H) \$	Revenue @ 10/1/96 (I) \$	Revenue @ 10/1/95 (J) \$	Change (K) \$	Change (L) %
<u>FLEX RATE SCHEDULES</u>											
	Administrative Charge	60		65.00	3,900			3,900			
	All Gas		<u>2,993,300.0</u>	0.2661	<u>796,513</u>	0.0000	<u>0</u>	<u>796,513</u>			
	Total Flex Rate Schedules	60	<u>2,993,300.0</u>		<u>800,413</u>		<u>0</u>	<u>800,413</u>	<u>800,413</u>	0	0.00%
<u>MAIN LINE RATE SCHEDULE</u>											
INDUSTRIAL GTS											
	Administrative Charge	60		65.00	3,900			3,900			
	All Gas		<u>5,834,300.0</u>	0.1000	<u>583,430</u>	0.0000	<u>0</u>	<u>583,430</u>			
	Total ML Industrial Rate Schedule	60	<u>5,834,300.0</u>		<u>587,330</u>		<u>0</u>	<u>587,330</u>	<u>587,330</u>	0	0.00%
	TOTAL GTS RATE SCHEDULES	<u>1,392</u>	<u>17,298,298</u>		<u>6,624,683</u>		<u>0</u>	<u>6,624,683</u>	<u>6,533,241</u>	91,442	1.40%
	TOTAL THROUGHPUT	<u>1,576,812</u>	<u>34,693,158.0</u>		<u>55,032,305</u>		<u>69,676,631</u>	<u>124,708,936</u>	<u>123,209,243</u>	1,499,693	1.22%
	Total Other Gas Department Revenue				<u>88,864</u>			<u>88,864</u>	<u>88,864</u>	0	0.00%
	TOTAL REVENUE REQUIRED				<u>55,121,169</u>			<u>124,797,800</u>	<u>123,298,107</u>	1,499,693	1.22%

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-179 DATED November 1, 1994

The following rates and charges are prescribed for customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order. The rates included herein reflect all gas cost adjustments through Case No. 90-063-M.

	<u>Base Rate Charge</u>	<u>Gas Cost Adjustment Demand</u>	<u>Commodity</u>	<u>Total Rate</u>
RATE SCHEDULE				
<u>GS Residential</u>				
1 Mcf or less	\$ 8.10	\$ 1.3096	\$2.6754	\$12.0850
Over 1 Mcf	\$ 1.9544	\$ 1.3096	\$2.6754	\$ 5.9394
<u>GS Comm/Ind</u>				
1 Mcf or less	\$ 22.00	\$ 1.3096	\$2.6754	\$25.9850
Next 49 Mcf	\$ 1.9544	\$ 1.3096	\$2.6754	\$ 5.9394
Next 350 Mcf	\$ 1.8910	\$ 1.3096	\$2.6754	\$ 5.8760
Next 600 Mcf	\$ 1.7910	\$ 1.3096	\$2.6754	\$ 5.7760
Over 1000 Mcf	\$ 1.6170	\$ 1.3096	\$2.6754	\$ 5.6020
<u>Delivery Service</u>				
Administrative Charge	\$ 65.00			\$ 65.00
<u>Standby Service</u>				
Demand Charge times Daily Firm Volume in Customer Service Agrmt.		\$10.3854		\$10.3854
<u>Delivery Service</u>				
First 400 Mcf	\$ 1.8910	\$(.0737)		\$ 1.8173
Next 600 Mcf	\$ 1.7910	\$(.0737)		\$ 1.7173
Over 1000 Mcf	\$ 1.6170	\$(.0737)		\$ 1.5433
Former IN8 Rate	\$.9455			\$.9455
Banking and Balancing		\$.0210		\$.0210

<u>RATE SCHEDULE</u>	<u>Base Rate Charge</u>	<u>Gas Cost Demand</u>	<u>Adjustment Commodity</u>	<u>Total Rate</u>
<u>GP Residential</u>				
1 Mcf or less	\$ 8.10	NA	NA	\$ 8.10
Over 1 Mcf	\$ 1.9544	NA	NA	\$ 1.9544
<u>GP Comm/Ind</u>				
1 Mcf or less	\$ 22.00	NA	NA	\$ 22.00
Next 49 Mcf	\$ 1.9544	NA	NA	\$ 1.9544
Next 350 Mcf	\$ 1.8910	NA	NA	\$ 1.8910
Next 600 Mcf	\$ 1.7910	NA	NA	\$ 1.7910
Over 1000 Mcf	\$ 1.6170	NA	NA	\$ 1.6170
<u>Interruptible Service</u>				
Customer Charge	\$ 135.79			\$ 135.79
First 30,000 Mcf	\$.6158		\$2.6754	\$ 3.2912
Over 30,000 Mcf	\$.3293		\$2.6754	\$ 3.0047
<u>Standby Service</u>				
Demand Charge times Daily Firm Volume in Customer Service Agrmt.		\$10.3854		\$10.3854
<u>Delivery Service</u>				
Administrative Charge	\$ 65.00			\$ 65.00
First 30,000 Mcf	\$.6158	\$(-.0737)		\$.5421
Over 30,000 Mcf	\$.3293	\$(-.0737)		\$.2556
Banking and Balancing		\$0.0210		\$ 0.0210
<u>Intrastate Service</u>				
All Volumes Sold	\$.1972	\$1.3096	\$2.6754	\$ 4.1822
<u>Delivery Service</u>				
Administrative Charge	\$ 65.00			\$ 65.00
All Volumes Delivered	\$.1972	\$1.3096		\$ 1.5068
Banking and Balancing		\$.0210		\$.0210
<u>Mainline Service</u>				
Administrative Charge	\$ 65.00			\$ 65.00
All Volumes Delivered	\$.10			\$.10
Banking and Balancing		\$.0210		\$.0210

<u>RATE SCHEDULE</u>	<u>Base Rate Charge</u>	<u>Gas Cost Demand</u>	<u>Adjustment Commodity</u>	<u>Total Rate</u>
<u>IN6 Comm/Ind</u> Commodity Charge	\$ 1.7363	\$ 1.3096	\$2.6754	\$ 5.7213
<u>IN7 Small Commercial</u> Commodity Charge	\$.5924	\$ 1.3096	\$2.6754	\$ 4.5774

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 94-179 DATED November 1, 1994

THE FOLLOWING FINANCIAL AND STATISTICAL DATA IS TO BE INCLUDED IN
COLUMBIA GAS OF KENTUCKY'S ANNUAL REPORT TO THE COMMISSION ON THE
WEATHER NORMALIZATION ADJUSTMENT (WNA) PILOT PROGRAM

1. NUMBER OF WNA CUSTOMERS (BY CLASS)
2. AMOUNT OF WNA REVENUE (BY CLASS)
3. MCF VOLUME ADJUSTMENT RESULTING FROM WNA (BY CLASS)
4. AVERAGE WNA REVENUE PER CUSTOMER (BY CLASS)
5. AMOUNT OF WNA REVENUE (TOTAL COMPANY)
6. MCF VOLUME ADJUSTMENT RESULTING FROM WNA (TOTAL COMPANY)
7. WNA IMPACT ON EARNINGS FOR REPORTING PERIOD
8. ACTUAL NUMBER OF HEATING DEGREE DAYS
9. NORMAL NUMBER OF HEATING DEGREE DAYS
10. VARIATION OF ACTUAL TEMPERATURES FROM NORMAL TEMPERATURES (%)
11. NUMBER OF CUSTOMER INQUIRIES ABOUT WNA PROGRAM
12. NUMBER OF CUSTOMER COMPLAINTS ABOUT WNA PROGRAM