

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA)
GAS OF KENTUCKY, INC.) CASE NO. 2006-00179

O R D E R

On December 13, 2002, in Case No. 2002-00145,¹ the Commission approved rates for Columbia Gas of Kentucky, Inc. (“Columbia”) and provided for their further adjustment in accordance with Columbia’s gas cost adjustment (“GCA”) clause.

On May 1, 2006, Columbia filed its proposed GCA to be effective May 31, 2006. Columbia filed supplemental information on May 12, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia’s notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Columbia’s revised expected gas cost (“EGC”) is \$10.7035 per Mcf, a decrease of \$1.0681 per Mcf from its last EGC of \$11.7716.
3. Columbia’s notice sets out a rate for Banking and Balancing Service of 2.05 cents per Mcf.
4. Columbia’s notice sets out no take-or-pay refund adjustment.
5. Columbia’s notice sets out no transportation take-or-pay refund adjustment.

¹ Case No. 2002-00145, Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc., Order dated December 13, 2002.

6. Columbia's notice sets out a current quarter refund adjustment ("RA") of (.07) cent per Mcf. Columbia's notice sets out a total RA of (1.32) cent per Mcf, which is an increase of 1.14 cent per Mcf from the prior RA.

7. Columbia's notice sets out an annual actual cost adjustment ("ACA") of (70.33) cents per Mcf, which is no change from the previous rate.

8. Columbia's notice sets out a balancing adjustment ("BA") of (.26) cent per Mcf, which is no change from the previous rate.

9. Columbia's notice sets out a Special Agency Service refund adjustment of (.01) cent per Mcf, which is no change from the previous rate.

10. Columbia's notice sets out a Gas Cost Incentive Adjustment ("Incentive") of 2.30 cents per Mcf. Since this is a new component, this is an increase of 2.30 cents per Mcf from the previous rate.

11. Columbia's approved gas cost recovery rate ("GCR") is \$10.0073 per Mcf, which is \$1.0337 per Mcf less than its previous GCR of \$11.0410.

12. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of June 2006, beginning on May 31, 2006.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order are approved for billing with the final meter readings beginning on May 31, 2006.

Done at Frankfort, Kentucky, this 26th day of May, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00179 DATED May 26, 2006

The following rates and charges are prescribed for the 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.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be \$10.0073 per Mcf effective May 31, 2006.