

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF )  
KENTUCKY, INC. TO EXTEND ITS SMALL ) CASE NO. 2008-00195  
VOLUME GAS TRANSPORTATION SERVICE )

ORDER

On May 30, 2008, Columbia Gas of Kentucky ("Columbia") filed an application for Commission approval to continue its small volume gas transportation service, known as the CHOICE program, under the current terms and conditions through March 31, 2011. The existing CHOICE program was approved in Case No. 2004-00462<sup>1</sup> and is scheduled to run through March of 2009. Columbia has offered its customers a CHOICE program, in some form, since 2000. Under the program, customers who use less than 25,000 Mcf annually and who qualify for Columbia's General Service or Intrastate Utility Sales Service rate schedules can choose to purchase their natural gas supply from a marketer, rather than from Columbia.<sup>2</sup> As of Columbia's August 2008 billing cycle, 29,132 customers were participating in the program. Two marketers, Interstate Gas Supply ("IGS"), an intervenor in this case, and MxEnergy, are presently participating in the program. IGS filed comments supporting Columbia's proposal to continue the CHOICE program for an additional two years.

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<sup>1</sup> Case No 2004-00462, The Application of Columbia Gas of Kentucky, Inc. to Implement a New Small Volume Gas Transportation Service, a Gas Price Hedging Plan, an Off-System Sales and Capacity Release Revenue Sharing Mechanism, and a Gas Cost Incentive Mechanism (Ky. PSC March 29, 2005).

<sup>2</sup> The General Service rate schedule covers firm service to residential, commercial and industrial customers. The Intrastate Utility Sales Service is available for intrastate utilities purchasing natural gas for resale for consumption solely within Kentucky.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Columbia's request to continue its CHOICE program through March 31, 2011 should be approved as proposed, with the Commission continuing to receive annual reports from Columbia.

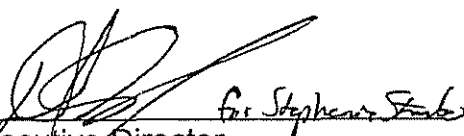
IT IS THEREFORE ORDERED that:

1. The term of Columbia's CHOICE program is extended through March 31, 2011.
2. Columbia shall file a revised Small Volume Gas Transportation Service tariff, which reflects the two-year extension of the program, within 20 days from the date of this Order.
3. Columbia shall continue to file annual reports on the program on or before June 1 of each year.

Done at Frankfort, Kentucky, this 7<sup>th</sup> day of November, 2008.

By the Commission

ATTEST:

  
Executive Director