

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. TO EXTEND ITS SMALL) CASE NO. 2010-00233
VOLUME GAS TRANSPORTATION SERVICE)

ORDER

On June 10, 2010, Columbia Gas of Kentucky, Inc. ("Columbia") filed an application for Commission approval to continue its small volume gas transportation service, known as the CHOICE program, under the program's current terms and conditions, through March 31, 2014. Extension of the CHOICE program was last approved in Case No. 2008-00195¹ and is scheduled to run through March 31, 2011. Columbia has offered its customers a CHOICE program, in some form, since 2000. Under the program, customers using 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.² Columbia reports 32,356 customers and five marketers participating in the program in 2010. There are no intervenors in this proceeding.

¹ Case No 2008-00195, The Application of Columbia Gas of Kentucky, Inc. to Extend its Small Volume Gas Transportation Service (Ky. PSC Nov. 7, 2008).

² 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, 2014 should be approved as proposed, with the Commission continuing to receive annual reports from Columbia. This approval is also consistent with the Commission's Report to the Kentucky General Assembly as attached to the Order in Case No. 2010-00146,³ which concluded that voluntary programs, such as Columbia's CHOICE program, may be submitted to the Commission individually for approval, but that such programs should not be mandated on a statewide basis. This approval is granted assuming no changes are made in the Commission's statutory authority resulting from legislation regarding retail natural gas competition programs. The Commission further finds that, in order to more fully evaluate the effectiveness of the CHOICE program, a survey should be created and sent to Columbia customers specifically regarding the CHOICE program. The survey should be prepared through a collaborative effort among Columbia, Commission Staff, and interested stakeholders. The Commission will include in the collaborative effort the marketers participating in Columbia's program, the Office of the Attorney General ("AG"), and representatives of consumer groups that intervened in Case No. 2010-00146. Survey results should be filed with the Commission no later than March 31, 2012.

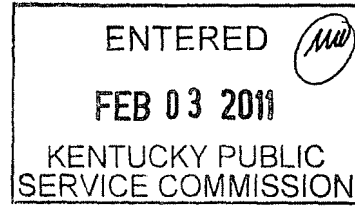
Columbia's next filing for extension of its CHOICE program should include details of Columbia's calculations of its customers' savings/losses from April 1, 2011 through March 31, 2013.

³ Case No. 2010-00146, An Investigation of Natural Gas Retail Competition Programs (Ky. PSC Dec. 28, 2010).

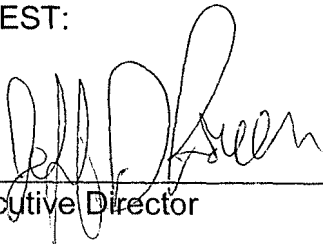
IT IS THEREFORE ORDERED that:

1. The term of Columbia's CHOICE program is extended through March 31, 2014.
2. Columbia shall file a revised Small Volume Gas Transportation Service tariff, which reflects the three-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 1st of each year.
4. A survey shall be created and sent to Columbia customers specifically regarding the CHOICE program, with results filed with the Commission no later than March 31, 2012. The survey should be the result of a collaborative effort among Columbia, Commission Staff, and interested stakeholders including CHOICE program marketers, the AG, and consumer group representatives.
5. An Informal Conference shall be scheduled by the Commission to discuss the survey and its content.
6. Columbia's next filing for an extension of its CHOICE program shall include details sufficient to show its calculation of its customers' savings/losses as a result of participation in the CHOICE program from April 1, 2011 through March 31, 2013.

By the Commission



ATTEST:



Executive Director

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