

November 30, 2006

Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

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NOV 30 2006

PUBLIC SERVICE  
COMMISSION

**RE: Case No. 2004-00462**

Dear Ms. O'Donnell:

Pursuant to the Commission's Order issued on March 29, 2005, in the above referenced case, Columbia Gas of Kentucky, Inc. ("Columbia") submits its 2005 GCIM Annual Report.

If you have questions, please don't hesitate to contact me at 859-288-0242 or [jmcoop@nisource.com](mailto:jmcoop@nisource.com).

Sincerely,



Judy M. Cooper  
Director, Regulatory Policy

COLUMBIA GAS OF KENTUCKY  
GAS COST INCENTIVE MECHANISM  
ANNUAL REPORT  
NOVEMBER 30, 2006

COLUMBIA GAS OF KENTUCKY  
GCIM CALCULATION  
April-06

BENCHMARK CALCULATION										
PIPE (1)	REC POINT (2)	TOTAL VOLUME (3)	NYMEX SETTLE (4)	INSIDE FERC HENRY HUB (5)	INSIDE FERC INDEX (6)	MARKET STANDARD PRICE (7=4+(6-5))	BENCHMARK COST (8=3 X 7)	PURCH RATE (9)	PURCH COST (10=3 X 9)	SAVINGS / (LOSS) (11= 8-10)
TENN	500 LEG	225,000	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$1,604,925.00	\$7.1600	\$1,611,000.00	-\$6,075.00
TENN	80010	111	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$791.76	\$6.7800	\$752.58	\$39.18
TCO	SPP	240,000	\$7.2330	\$7.2500	\$7.6100	\$7.5930	\$1,822,320.00	\$7.4530	\$1,788,720.00	\$33,600.00
TENN	LDES SA	37	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$263.92	\$6.7100	\$248.27	\$15.65
TENN	LDES SA	57	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$406.58	\$7.1000	\$404.70	\$1.88
TENN	LDES SA	37	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$263.92	\$6.7700	\$250.49	\$13.43
TENN	LDES SA	111	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$791.76	\$6.8700	\$762.57	\$29.19
TENN	LDES SA	37	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$263.92	\$7.0500	\$260.85	\$3.07
TENN	OEMI SA	20	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$142.66	\$7.3000	\$146.00	-\$3.34
TENN	80095	37	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$263.92	\$6.8900	\$254.93	\$8.99
TENN	80095	37	\$7.2330	\$7.2500	\$7.1500	\$7.1330	\$263.92	\$7.1100	\$263.07	\$0.85
TOTALS		465,484					\$3,430,697.37		\$3,403,063.46	\$27,633.91
50% SHARE										\$13,816.96

INSIDE FERC APRIL 2006

TCO	\$7.61
TENN 500	\$7.15

**COLUMBIA GAS OF KENTUCKY  
GCIM CALCULATION  
May-06**

BENCHMARK CALCULATION	PURCHASE COST
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PIPE (1)	REC POINT (2)	TOTAL VOLUME (3)	NYMEX SETTLE (4)	INSIDE FERC HENRY HUB (5)	INSIDE FERC INDEX (6)	MARKET STANDARD PRICE (7=4+(6-5))	BENCHMARK COST (8= 3 X 7)	PURCH RATE (9)	PURCH COST (10= 3 X 9)	SAVINGS / (LOSS) (11= 8-10)
TENN	500 LEG	232,500	\$7.1980	\$7.2200	\$7.0900	\$7.0680	\$1,643,310.00	\$7.1000	\$1,650,750.00	-\$7,440.00
TCO	SPP	186,000	\$7.1980	\$7.2200	\$7.5100	\$7.4880	\$1,392,768.00	\$7.3880	\$1,374,168.00	\$18,600.00
TENN	LDES SA	43	\$7.1980	\$7.2200	\$7.0900	\$7.0680	\$303.92	\$6.6100	\$284.23	\$19.69
TENN	LDES SA	43	\$7.1980	\$7.2200	\$7.0900	\$7.0680	\$303.92	\$6.5900	\$283.37	\$20.55
TENN	LDES SA	129	\$7.1980	\$7.2200	\$7.0900	\$7.0680	\$911.77	\$6.6900	\$863.01	\$48.76
TENN	LDES SA	43	\$7.1980	\$7.2200	\$7.0900	\$7.0680	\$303.92	\$6.3600	\$273.48	\$30.44
TOTALS		418,758					\$3,037,901.54		\$3,026,622.09	\$11,279.45
50% SHARE										\$5,639.73

**INSIDE FERC MAY 2006**

TCO	\$7.51
TENN 500	\$7.09

COLUMBIA GAS OF KENTUCKY  
GCIM CALCULATION  
June-06

BENCHMARK CALCULATION	PURCHASE COST
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PIPE (1)	REC POINT (2)	TOTAL VOLUME (3)	NYMEX SETTLE (4)	INSIDE FERC HENRY HUB (5)	INSIDE FERC INDEX (6)	MARKET STANDARD PRICE (7=4+(6-5))	BENCHMARK COST (8= 3 X 7)	PURCH RATE (9)	PURCH COST (10=3 X 9)	SAVINGS / (LOSS) (11= 8-10)
TENN	500 LEG	105,000	\$5.9250	\$5.9300	\$5.8200	\$5.8150	\$610,575.00	\$5.8414	\$613,350.00	-\$2,775.00
		105,000					\$610,575.00		\$613,350.00	-\$2,775.00
	50% SHARE									-\$1,387.50

INSIDE FERC JUNE 2006

TENN 500                    \$5.82

**COLUMBIA GAS OF KENTUCKY  
GCIM CALCULATION  
July-06**

BENCHMARK CALCULATION										PURCHASE COST	
PIPE (1)	REC POINT (2)	TOTAL VOLUME (3)	NYMEX SETTLE (4)	INSIDE FERC HENRY HUB (5)	INSIDE FERC INDEX (6)	MARKET STANDARD PRICE (7=4+(6-5))	BENCHMARK COST (8= 3 X 7)	PURCH RATE (9)	PURCH COST (10= 3 X 9)	SAVINGS / (LOSS) (11= 8-10)	
TENN	500 LEG	232,500	\$5.8870	\$5.8900	\$5.8400	\$5.8370	\$1,357,102.50	\$5.8500	\$1,360,125.00	-\$3,022.50	
TCO	P1041143	15,000	\$5.8870	\$5.8900	\$6.0500	\$6.0470	\$90,705.00	\$5.4150	\$81,225.00	\$9,480.00	
TCO	P1041143	15,000	\$5.8870	\$5.8900	\$6.0500	\$6.0470	\$90,705.00	\$5.4000	\$81,000.00	\$9,705.00	
TCO	P1039484	3,880	\$5.8870	\$5.8900	\$6.0500	\$6.0470	\$23,462.36	\$6.0070	\$23,307.16	\$155.20	
TCO	SPP	244,116	\$5.8870	\$5.8900	\$6.0500	\$6.0470	\$1,476,169.45	\$6.0070	\$1,466,404.81	\$9,764.64	
CGT MAIN	P2076381	372,000	\$5.8870	\$5.8900	\$5.8617	\$5.8587	\$2,179,436.40	\$5.8770	\$2,186,244.00	-\$6,807.60	
CGT MAIN	P2067888	310,000	\$5.8870	\$5.8900	\$5.8617	\$5.8587	\$1,816,197.00	\$5.8770	\$1,821,870.00	-\$5,673.00	
TCO	P1051667	15,000	\$5.8870	\$5.8900	\$6.0500	\$6.0470	\$90,705.00	\$5.3200	\$79,800.00	\$10,905.00	
TCO	P1072327	5,000	\$5.8870	\$5.8900	\$6.0500	\$6.0470	\$30,235.00	\$5.4900	\$27,450.00	\$2,785.00	
TOTALS		1,212,496					\$7,154,717.71		\$7,127,425.97	\$27,291.74	
50% SHARE										\$13,645.87	
INSIDE FERC JULY 2006											
TCO		\$6.05									
TENN 500		\$5.84									
CGT ONSHORE		\$5.79									
				\$5.7900							
				0.99429							
				\$5.8233							
				\$0.0384							
				\$5.8617							
CGT MAIN IS NOT REPORTED IN INSIDE FERC CGT ONSHORE IS THE NEXT INDEX UPSTREAM (ADD 100% LOAD FACTOR)											
INSIDE FERC CGT ONSHORE IS THE NEXT INDEX UPSTREAM (ADD 100% LOAD FACTOR)											
CGT MAIN IS NOT REPORTED IN INSIDE FERC CGT ONSHORE IS THE NEXT INDEX UPSTREAM (ADD 100% LOAD FACTOR)											
CGT LAT ITS-2 TRANSPORT (THIS RATE IS 100% LOAD FACTOR)											
CGT LAT ITS-2 TRANSPORT (THIS RATE IS 100% LOAD FACTOR)											
ADJUSTED INDEX											







**COLUMBIA GAS OF KENTUCKY  
GCIM CALCULATION  
October-06**

BENCHMARK CALCULATION	PURCHASE COST
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PIPE (1)	REC POINT (2)	TOTAL VOLUME (3)	NYMEX SETTLE (4)	INSIDE FERC HENRY HUB (5)	INSIDE FERC INDEX (6)	MARKET STANDARD PRICE (7=4+(6-5))	BENCHMARK COST (8= 3 X 7)	PURCH RATE (9)	PURCH COST (10= 3 X 9)	SAVINGS / (LOSS) (11=8-10)
TENN	500 LEG	232,500	\$4.2010	\$4.2000	\$4.0600	\$4.0610	\$944,182.50	\$4.0700	\$946,275.00	-\$2,092.50
TCO	P1039484	310,000	\$4.2010	\$4.2000	\$4.3300	\$4.3310	\$1,342,610.00	\$4.3300	\$1,342,300.00	\$310.00
TCO	P1078211	5,000	\$4.2010	\$4.2000	\$4.3300	\$4.3310	\$21,655.00	\$4.1900	\$20,950.00	\$705.00
50% SHARE		547,500					\$2,308,447.50		\$2,309,525.00	-\$1,077.50

**INSIDE FERC OCTOBER 2006**

TCO	\$4.33
TENN 500	\$4.06

-\$538.75