

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. 2005-00403

O R D E R

On December 13, 2002, in Case No. 2002-00145, 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.¹

On September 30, 2005, Columbia filed its proposed interim GCA to be effective October 27, 2005. Columbia requests a waiver of the 30-day notice period due to the continued increases in the natural gas spot market and its desire to mitigate significant future actual gas cost adjustments. As KRS 278.180 permits the Commission to shorten the required notice period for good cause, the Commission finds the request should be granted.

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 \$13.0226 per Mcf, an increase of \$2.9038 per Mcf from its last EGC of \$10.1188.

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

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.

6. Columbia's notice sets out no current quarter refund adjustment ("RA"). Columbia's notice sets out a total RA of (1.74) cent per Mcf, which is no change 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 .51 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 approved gas cost recovery rate ("GCR") is \$12.3069 per Mcf, which is \$2.9038 per Mcf more than its previous GCR of \$9.4031.

11. 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 November 2005, beginning on October 27, 2005.

IT IS THEREFORE ORDERED that:

1. Columbia's request to shorten the period in which it must provide notice of the proposed adjustment from 30 days to 20 days is granted.

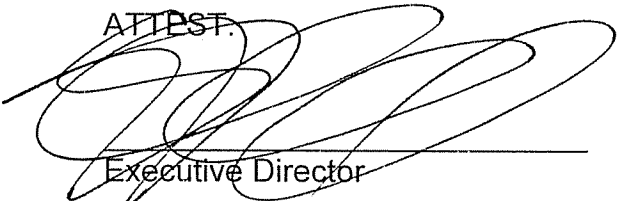
2. The rates in the Appendix to this Order are approved for billing for service rendered on and after October 27, 2005.

3. Within 20 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 24th day of October, 2005.

By the Commission

ATTEST.



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00403 DATED October 24, 2005.

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 \$12.3069 per Mcf effective October 27, 2005.