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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT OF GAS RATES OF COLUMBIA GAS OF KENTUCKY, INC.	)))	CASE NO. 2007-00008

REBUTTAL TESTIMONY

Columbia Exhibit No.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Adjustment of Rates of	)	
Columbia Gas of Kentucky, Inc.	)	Case No. 2007-00008

PREPARED REBUTTAL TESTIMONY OF JUDY M. COOPER ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.

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August 1, 2007

PREPARED REBUTTAL TESTIMONY OF JUDY M. COOPER

Q: Please state your name and business address.

A: My name is Judy Cooper and my business address is 2001 Mercer Road, Lexington KY.

Q: Did you file Direct Prepared Testimony in this proceeding?

A: Yes, I did.

Q: What is the purpose of your Rebuttal Testimony in this proceeding?

A: Subsequent to the filing of my Prepared Direct Testimony, Mr. Scott White filed Direct Testimony on behalf of Interstate Gas Supply, Inc., ("IGS") arguing that Columbia is suggesting inclusion in the base rate of an Accounts Receivables expense and that would be inappropriate because CHOICE Customers do not contribute to creating cost associated with uncollectible sales customers' commodity costs. Because of that, Mr. White argued that Columbia should reduce or eliminate the 2.5% purchase receivable discount. My testimony, along with the rebuttal testimony of Ms Kelly Humrichouse, will rebut IGS's proposed treatment of bad debt expense from CHOICE and sales customers, including the discount on accounts receivables, and the revenue requirement of the monthly billing charge and marketer charge to CHOICE suppliers.

Q: Have you reviewed the testimony of Scott White?

A: Yes. Columbia witness Humrichouse addresses the working capital for gas in storage issue discussed by Mr. White.

Q: Do CHOICE customers pay any fees that non-CHOICE customers do not pay?

A: No, the Collaborative that developed the initial CHOICE program established a basic principle that CHOICE customers and sales customers should be charged the same base rates in order to make the cost comparison easy for the customer. Columbia designed its rates and its rate case application in accordance with this principle.

Q: Will Columbia's proposed increase in base rates have a disproportional effect on CHOICE customers? In other words, will CHOICE customers be asked to pay increased rates to recover costs that they do not create, as Mr. White asserts?

A: The answer to both questions is no. CHOICE customers will not be asked to pay any greater rates than non-CHOICE customers. CHOICE marketers will also not be asked to pay any increased charges as a result of this base rate case. Columbia is not double collecting uncollectible expense.

Q: How were the charges assessed to CHOICE marketers established?

A: The charges were negotiated by the parties in Case No. 2004-00462. The parties in that case, including IGS, agreed upon the fees and charges to be assessed as part of the CHOICE pilot program, and agreed that the term of the CHOICE pilot program should extend through March 31, 2009. The Commission approved the agreement of the parties. Thus, Columbia contemplated that the fees and charges for the CHOICE pilot program would remain unchanged through March 31, 2009.

Q: Do you believe this application alters the terms of Columbia's CHOICE pilot program?

A: No. Columbia negotiated primarily with IGS in forming the structure of the current CHOICE program. The discount on accounts receivables, billing fee and marketer charge were products of the original Collaborative and were subsequently retained in the negotiations with IGS that preceded the Commission's approval of the current CHOICE pilot program. Nothing in Columbia's filing in this rate case was intended to change the fee structure approved by the Commission when the Commission authorized the extension of the CHOICE pilot program through March 31, 2009.

Q: How does Columbia view the potential for cost shifting between CHOICE and non-CHOICE customers?

A: The concern for potential cost shifting between CHOICE customers and non-CHOICE customers is one that Columbia has addressed from the initiation of its CHOICE program. The original Collaborative viewed the billing fee, marketer charge and discount on accounts receivable as business expenses that Columbia would incur in administering a CHOICE program, and as expenses that should reasonably be recovered from those marketers participating in the CHOICE program.

Q: Mr. White refers to the monthly billing fee as a fee for including the supplier's commodity costs on the monthly bill. What does the monthly billing fee represent?

A: Sheet 37f of Columbia's tariff sets forth the billing fee per bill of $0.20 per bill paid by CHOICE marketers. This charge originated with the original CHOICE pilot (Case No.

1999-00165) and in part was implemented to defray the initial programming costs necessary to modify Columbia's billing systems to be capable of including the CHOICE supplier's commodity cost on customer bills. The billing charge was established at the same time in recognition of the factors described in Response to Question 19 of the Information Requested by IGS and that preparation and rendering of a customer bill are normal business expenses of a commercial enterprise. The $0.20 billing charge was not determined based upon a specific cost study but was instead the byproduct of a collaborative discussion and agreement which was approved by the Commission, as previously stated. Once again, Columbia believes the original agreement should be respected and the CHOICE program should continue in its current structure until the March 31, 2009 date approved by the Commission.

Q: How does Columbia account for the monthly billing charge to CHOICE marketers?

A: The revenues are recorded in "Other Gas Department Revenue" Account 495-30586. The amounts are included in both current and proposed revenue on Schedules M-2.2 sheet 1, line 23 and M-2.3 sheet 1, line 23.

Q: What is your understanding of IGS's argument about the bad debt charge discussed in Mr. White's testimony?

A; Mr. White uses the terms "Accounts Receivables Charge," "Uncollectible Expense," and "Bad Debt Expense" interchangeably. It appears to me that Mr. White is actually discussing the discount on accounts receivable paid to CHOICE marketers. The discount originated in the first CHOICE pilot program in Case No. 1999-00165 and has remained in effect through the subsequent negotiations and revisions of the CHOICE pilot program and Columbia's last general rate case in 2002. The discount is set forth on Sheet 37f of Columbia's tariff. As with the billing fee, the parties to these various proceedings agreed that the discount on accounts receivable recognized that Columbia would incur additional costs to operate the CHOICE program and it is reasonable that a CHOICE marketer should incur credit and collection expense in addition to that incurred by a utility. As Ms. Humrichouse explains in her rebuttal testimony, the discount on accounts receivable and the uncollectible expense related to the marketer portion of residential CHOICE have not been included in the development of the cost of service used in Columbia's rate case. Therefore, once again, Columbia's rate case does not impact or modify the CHOICE program structure that the parties agreed upon in prior cases, so the original agreement should be respected and the CHOICE pilot program should continue in its current structure until the March 31, 2009 date established by the Commission.

Q: What comments do you have concerning Mr. White's testimony that sales customers are not paying for CHOICE customer bad debt experience?

A: I do not agree with Mr. White's comments. A customer participating in Columbia's CHOICE program remains a Columbia customer in addition to being the customer of a participating marketer. The uncollectible bill of a CHOICE customer contains bad debt associated with Columbia's delivery charge and the marketer's commodity charge. The bad debt associated with delivery charges to CHOICE customers is included in Columbia's bad debt in base rates that both sales and CHOICE customers pay.

Q: Mr. White refers to the marketer charge as a fee created to give Columbia an economic reason to continue the CHOICE program. What is the purpose of the marketer charge?

A: The marketer charge is set forth on Sheet 34 of Columbia's tariff and is applicable to CHOICE marketers. Columbia does not charge this fee to CHOICE customers. Like the billing charge discussed previously herein, the marketer fee was established by the Collaborative in the original CHOICE pilot in recognition of the fact that Columbia would incur additional incremental costs and that marketers needed to "pay to play." This was acknowledged by the Commission in its Order authorizing the program. In the first pilot, the charge was $0.05 per Mcf. The currently applicable $0.10 per Mcf charge was the outcome of negotiations with IGS and other parties in creating the current pilot program as approved by the Commission. The currently effective marketer charge is actually an increasing block charge that increases based on increasing customer participation. This block structure was agreed upon in order to provide Columbia with an economic incentive to increase CHOICE program participation based on the rate increasing from $0.10 up to $0.14 per Mcf. Like the discount on accounts receivable and the monthly billing charge, the marketer charge was an agreed-upon charge that was approved by the Commission as part of the overall CHOICE program structure. This charge, like all other provisions of the CHOICE program, should continue until March 31, 2009 in accordance with the Commission's order.

Q: How does Columbia account for the marketer charge received from CHOICE marketers?

A: The revenues are recorded in "Other Gas Department Revenue" Account 495-30607. The amounts are included in both current and proposed revenue on Schedules M-2.2 sheet 1, line 23 and M-2.3 sheet 1, line 23.

Q: If the billing fee, marketer charge and discount on accounts receivable were eliminated, what would be the impact on Columbia and its customers?

A: Elimination of these charges would increase Columbia's revenue deficiency beyond that included in Columbia's application in this case. The proposed increase in base rates would be inadequate, resulting in the need for an additional increase in base rates to all of Columbia's customers – both sales and CHOICE.

Q: Does this complete your Prepared Rebuttal Testimony?

A: Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Rebuttal Testimony of Judy M. Cooper was served by First Class U.S. Mail postage prepaid on the following parties this 1st day of August 2007.

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Columbia Exhibit No.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Adjustment of Rates of	)	
Columbia Gas of Kentucky, Inc.	)	Case No. 2007-00008

PREPARED REBUTTAL TESTIMONY OF KELLY HUMRICHOUSE ON BEHALF OF COLUMBIA GAS OF KENTUCKY, INC.

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August 1, 2007

PREPARED REBUTTAL TESTIMONY OF KELLY HUMRICHOUSE

Q: **Please state your name and business address.**

A. Kelly Humrichouse, 200 Civic Center Drive, Columbus, Ohio 43215.

Q. **By whom are you employed and in what capacity?**

A. I am employed by NiSource Corporate Services Company ("Corporate Services"). My current title is Director of Regulatory Accounting.

Q. **Are you the same Kelly Humrichouse that submitted direct testimony in this proceeding?**

A. Yes I am.

Q. **What is the purpose of your rebuttal testimony?**

A. The purpose of my rebuttal testimony is to address the storage working capital and bad debt issue as addressed in Mr. Scott White's testimony.

Q. **Did you review the Direct Testimony of Mr. Scott White?**

A. Yes I did.

Q. **Are you familiar with Mr. White's assertion regarding working capital for storage?**

A. Yes I am.

Q. Are you familiar with Mr. White's responses provided on July 11, 2007 in response to data requests submitted by the PSC and Columbia?

A. Yes I am.

Q. Would you please explain Mr. White's position regarding working capital for storage?

A. Yes. Mr. White describes on pages 12 through 15 of his direct testimony a situation in which he asserts that Columbia is inappropriately charging CHOICE customers for working capital related to Marketer injected storage as well as proposing options for a solution. Mr. White goes on to state that, "Based upon my extensive experience in the natural gas markets in Ohio, Michigan, Illinois, New York, Pennsylvania and here in Kentucky, it is my belief that although it is necessary for utilities to be able to recover the proper amount of revenue to earn its allowable return on investment and certainty in a market is a critical component, certainty without balance does not always achieve the desired goals. There must exist the proper balance between CHOICE and sales customer groups so that revenues are properly recovered from the proper ratepayers."

Q. Please continue.

A. On page 12 Mr. White further explains that Columbia has requested recovery on approximately $48,222,000 in its rate base for working capital related to gas in storage. This amount includes gas in storage as well as prepayments and materials and supplies. The majority, $47,790,396, of the $48,222,713 is related to a 13-month average storage balance.

Mr. White further explains his understanding of the seasonality of storage injections and withdrawals along with the hedging aspects of a storage facility. Beginning on page 13 and continuing on page 14 Mr. White states, "Since the CHOICE supplier incurs the costs of purchasing the commodity it injects into storage, Columbia does not incur these costs for the same injections and, therefore, CHOICE customers should not be burdened with paying for working capital costs for gas in storage when the gas is injected by their supplier. Stated differently, Columbia does not have to inject the gas into storage for CHOICE customers that are otherwise injected by CHOICE suppliers and, therefore, CHOICE customers should not have to pay for working capital costs for gas in storage that is related to sales customers' injections." This is simply an inaccurate statement.

Q. Do you agree that CHOICE marketers provide Columbia with storage injections thereby lowering the Columbia's need for working capital?

A. No. Mr. White's direct testimony failed to consider the annual true-up of CHOICE supplier deliveries with CHOICE customer consumption. This true-up actually turns the tables on Mr. White's position and puts the CHOICE supplier in an average under-delivered position. CHOICE suppliers deliver volumes to Columbia on an average daily basis. In other words, a CHOICE supplier must deliver to Columbia 1/365 of a customer's estimated normalized consumption for each day in any given month. The over and/or under-delivery is trued up through July in the month of August every year for every CHOICE customer. The CHOICE program's average daily delivery basis results in straight-line supplier delivery when this delivery pattern is compared to the seasonality of the actual consumption pattern for each CHOICE customer it results in monthly over and/or under-deliveries for any given month. However, over an annual period the CHOICE supplier **under**-delivers nearly 1 mcf for each residential customer enrolled. Attachment KLH – 3 (a) provides monthly detail, as well as the development of this average under-delivery of each customer who has been enrolled as a CHOICE customer beyond the first true-up period.

Q. Is this under-delivery for all existing customers offset by over deliveries for newly enrolled customers?

A. No. In fact, based upon IGS's enrollment pattern over the last 12 months, IGS under-delivered slightly more than 2.5 mcf per customer based upon an average normalized residential consumption. This is shown on KLH Attachment – 3(b).

Q. Should IGS and therefore Mr. White anticipate this exact under-delivery every year for each customer enrolled in CHOICE with IGS?

A. No. This represents typical or average residential customer consumption and anticipated deliveries using normal weather. To the extent weather is warmer than normal the CHOICE marketer will likely over deliver based upon this variable alone. To the extent weather is colder than normal the CHOICE marketer will likely under-deliver based upon this variable alone.

Q. Are there additional drivers of variance from this anticipated and expected imbalance?

A. Yes. Another material driver is number of customers enrolled. KLH Attachment – 3 (c) provides a month by month listing from August 2005 through June 2007 of customers "signed" or customers provided by IGS to Columbia as enrolled customers, "expected" customers or customers discounted by Columbia assuming 1% of customers provided by IGS will leave prior to month end, and actual customers billed. This shows that the volumes set by Columbia for IGS to deliver the following month are discounted to include a 1% reduction in customers. Over this sample period Columbia asked IGS to deliver volumes related to 10 fewer customers than IGS actually enrolled on average each month. Over this same sample period if the 1% discount were not applied IGS would have delivered volumes for an additional 261 customer each month on average.

Q. Why was the CHOICE program delivery methodology designed the way it is?

A. Columbia intentionally designed the CHOICE program delivery methodology based upon typical and normal expectations in order to be fair and equitable. The program based upon normal usage actually leaves Columbia at a slight disadvantage as did the practice of discounting customers for 1% attrition. To be clear, this is not a CHOCE/non-CHOICE subsidiary issue. To the extent there is a disadvantage, it is Columbia that is disadvantaged, not Columbia's other customers. Under the method currently employed, Columbia does not anticipate nor does Columbia expect IGS to over-deliver volumes on an average cumulative basis over a 12 month period. Yet Columbia does realize that there will be expected monthly imbalances based upon this average daily delivery method.

Q. Please explain the impact IGS had on Columbia's storage during the test period used for this rate case?

A. Columbia's storage levels are set regardless of IGS's contribution and/or use of storage. In order to ensure its ability to meet requirements as the supplier of last resort, Columbia is required to meet certain storage level balances going into and out of the heating season regardless of IGS's imbalances. Weather also plays into monthly storage balances. KLH Attachment – 3 (d) provides Columbia's injections and withdrawals into/from storage over the period September 2005 through June 2007 and the resulting storage balances. This attachment also provides IGS's monthly imbalances and net activity during this same period. Notably, in 10 of the 22 months, IGS's activity did not follow and in fact conflicted with Columbia's injection and/or withdrawal activity. For example, in December 2005 Columbia withdrew 2,007,753 DTH from storage and IGS over delivered by 84,653 DTH that same month.

Q. Please explain the applicability of Mr. White's PSC Data Request Set 1, Question 2 b – Attachment as was provided on July 11, 2007.

A. Mr. White has provided this schedule in response to the request of the PSC to "Provide a schedule showing the month the volumes and dollar value of all gas injected into and withdrawn from storage by IGS for the months of September 2005 through September 2006 for its Choice program customers of Columbia." Mr. White's schedule as provided is inaccurate relative to Columbia's storage facility for several reasons.

a) KLH Attachment – 3 (d) shows that only 55% of the time IGS is either over delivering in an injection month for Columbia or is under-delivering in a withdrawal month for Columbia

b) Mr. White's schedule is on a billing month yet the storage included in Columbia's rate base is a month end calendar month balance.

c) Mr. White's schedule uses a rate that is not recorded anywhere on Columbia's books and records nor was this rate used for the development of Columbia's rate base as it relates to storage. For example, Columbia's averages storage rate using an August 2005 balance is $5.33 per DTH ($5.54/MCF using a 1.04 BTU) while Mr. White's beginning August 2005 balance uses an average DTH rate of $9.13.

d) The average monthly balance of 1,233,178.5 DTH as shown on Mr. White's schedule is not expected to be representative of the future as it includes impacts from weather and customer variances. This is further supported by noting the IGS imbalances for the months of October 2006 through June 2007 as shown on KLH Attachment 3 (d).

Q. Would you please summarize how all of this impacts the proposed solutions provided by Mr. White?

A. This makes Mr. White's proposed adjustment(s) inappropriate because Columbia's storage facility would have been virtually the same regardless of IGS's monthly imbalance positions, the CHOICE program delivery methodology currently used has been established to mitigate any over/under-deliveries on the part of IGS under normal weather conditions and accurate customer estimations, and IGS has been in a net under-delivered imbalance in recent months supporting the appropriateness of the delivery method as designed. In summary, clearly IGS is not expected to front Columbia gas so there is no need to remove working capital from rate base.

Q. Are you familiar with Mr. White's position regarding the "bad debt" charge?

A. Yes I am. On page 2 line19 of Mr. White's Direct Testimony he first addresses a "bad debt" charge, on page 6 starting on line 39 and continuing to page 7 he discusses an "accounts receivables' charge/uncollectible expense".

Q. Is there a "bad debt" or "accounts receivables" charge, as reference by Mr. White, in Columbia's tariffs?

A. No, Columbia's tariff does not contain a bad debt charge. However, on Sheet No. 37f of Columbia's tariffs, a description of the Payment to Marketer is provided. This tariff was established as a result of the pilot CHOICE program which was initiated in 1999 and extended through a CHOICE settlement process in 2004. Many of the terms for a marketer participating in the CHOICE program, including this method of payment to the CHOICE marketer, are included in Columbia's tariff, but there is no bad debt charge.

Q. Please explain Mr. White's opposition to this feature of the CHOICE program.

A. On page 15 of his direct testimony, Mr. White states that uncollectible write offs have been included in the development of Columbia's proposed base rates to CHOICE customers in this general rate case filing. Further, on page 16 beginning on line 2, Mr. White indicates that "Since this is **specifically** the uncollectible expense created by sales customers, only sales customers should be required to pay for recovery of this expense (emphasis added)."

Q. Do you agree that the uncollectible expense included in Columbia's cost of service is "specifically" created by sales customers?

A. No I do not. The uncollectible expense included in Columbia's cost of service also includes bad debt expense and accrual related to Columbia's distribution charge/margin billed to CHOICE customers. This distribution charge/margin includes the monthly customer charge and volumetric delivery fee representing Columbia's margin. This is the CHOICE customer's uncollectible charge related to the non-gas portion of a CHOICE customer's bill.

Q. Under the proposed method of rate setting included in this rate case filing, would Columbia recover more than the test year level of uncollectible costs?

A. No, Columbia would not. The portion of base rates attributable to the recovery of uncollectible cost is equal to the total test year uncollectibles related to both Sales and CHOICE customers, excluding the uncollectibles related to CHOICE gas cost. CHOICE gas cost related uncollectibles are removed from test year cost of service in this rate case filing. The uncollectible development as just described can be found on Schedule D-2.1 Sheet 5 of 6 Lines 1 through 5 in the Direct Testimony of Kelly Humrichouse. Here the uncollectible accrual rate is applied to the total of Annualized Residential Revenue – Sales which includes both Columbia margin and gas costs and Annualized Residential GTS – CHOICE Revenue which includes only Columbia's margin. Detail supporting the development of Residential CHOICE revenue is provided on Schedule M-2.2 Page 1 of 40 on Line 25. This clearly demonstrates that no gas cost revenue or CHOICE marketer revenue, in this case, is included in the CHOICE revenue used for development of the uncollectible level included in this case. Uncollectible related to the marketer portion residential CHOICE has not been included in the development of this cost of service.

Q. Does this conclude your Prepared Rebuttal Testimony?

A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Prepared Rebuttal Testimony of Kelly Humrichouse was served by First Class U.S. Mail postage prepaid on the following parties this 1st day of August 2007.

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Columbia Gas of Kentucky
Schedule of CHOICE Supplier (Over)/Underdeliveries per Residential Customer

Ln. No.		Month	Year 1 Jan 31	Feb 28	Mar 31	Apr 30	May 31	June 30	July 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Annual 365	Year 2 Jan 31	Feb 28	Mar 31	Apr 30	May 31	June 30	July 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Annual	IGS Adv/(Dis) Avg Aug-Jul
1	***Typical Residential Customer Usage*** (average daily of .1989 or 72.6/365)		16.00	13.90	10.60	7.00	3.00	1.60	1.20	1.10	1.10	1.90	4.90	10.30	72.60	16.00	13.90	10.60	7.00	3.00	1.60	1.20	1.10	1.10	1.90	4.90	10.30	72.60	
2	IGS Deliveries for July	J								6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17							
3	CKY Paid for July	J							0.55	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15							
4	July True-up Made in August									1.15																			
5	IGS Advantage / (Disadvantage)								0.55	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91

1 This demonstrates the typical residential monthly consumption based upon a billing month and normal weather
2 The CHOICE supplier is expected to deliver 31 days of average annual daily consumption in August
3 Columbia pays the CHOICE supplier for gas related to the current billing month. In August this is 1.1 mcf as noted on row 1
4 1.15 represents the average portion of July gas consumed by the CHOICE customer paid by Columbia to the CHOICE marketer in August and .6 representing a static volume advance by the CHOICE supplier to compensate for billing vs calendar month deliveries and payments. In total the CHOICE supplier provides 7.32 mcf per customer for every residential customer or 1.15 plus 6.17.
5 This represents the net of CHOICE supplier deliveries (6.17 plus 1.15) as compared to customer consumption or the amount paid by Columbia to the CHOICE marketer (1.10). In August this is a net CHOICE supplier over delivery of 5.67 mcf per residential customer.

NOTE:
Notice that the IGS over deliveries in the summer quickly turn around and remain under delivered until July, the true up month, at which point all consumption and deliveries balance back to the static advancement of gas by IGS on a per customer basis. All in all even after the .6 mcf advancement of gas, IGS remains under delivered by .91 mcf per residential customer on an average annual basis. This average under delivery indeed demonstrates that IGS IS NOT providing gas which is being injected into storage. This demonstrates that on an average basis (which is used for rate base) IGS is a consumer of storage and not a contributor to storage.

Columbia Gas of Kentucky
Schedule of CHOICE Supplier (Over)/Underdeliveries per Residential Customer

KLH Exhibit 3 (b)

Ln. No.		Month	Year 1													Year 2													IGS Adv/(Dis) Avg Aug-Jul	IGS Adv/(Dis) Avg Pre-Aug	IGS New Choice Sign-up	Volumetric Adv/(Dis) IGS
			Jan 31	Feb 28	Mar 31	Apr 30	May 31	June 30	July 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Annual 365	Jan 31	Feb 28	Mar 31	Apr 30	May 31	June 30	July 31	Aug 31	Sep 30	Oct 31	Nov 30	Dec 31	Annual				
1	*Typical Residential Customer Usage*		16.00	13.90	10.60	7.00	3.00	1.60	1.20	1.10	1.10	1.90	4.90	10.30	72.60	16.00	13.90	10.60	7.00	3.00	1.60	1.20	1.10	1.10	1.90	4.90	10.30	72.60				
2	IGS Deliveries for January sign-up	J		5.57	6.17	5.97	6.17	5.97	6.17	6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
3	CKY Paid for January sign-up	J	6.95	12.25	8.80	5.00	2.30	1.40	1.15	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
4	July True-up Made in August									2.45																						
5	IGS Advantage / (Disadvantage)		6.95	13.63	16.26	15.30	11.43	6.86	1.85	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	10.33	193	1,993
6	IGS Deliveries for February sign-up	F			6.17	5.97	6.17	5.97	6.17	6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
7	CKY Paid for February sign-up	F		5.30	8.80	5.00	2.30	1.40	1.15	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
8	July True-up Made in August									(5.88)																						
9	IGS Advantage / (Disadvantage)			5.30	7.93	6.97	3.10	(1.47)	(6.48)	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	2.56	24	61
10	IGS Deliveries for March sign-up	M				5.97	6.17	5.97	6.17	6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
11	CKY Paid for March sign-up	M			3.50	5.00	2.30	1.40	1.15	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
12	July True-up Made in August									(10.32)																						
13	IGS Advantage / (Disadvantage)				3.50	2.53	(1.33)	(5.90)	(10.92)	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	(2.42)	720	(1,745)
14	IGS Deliveries for April sign-up	A					6.17	5.97	6.17	6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
15	CKY Paid for April sign-up	A				1.50	2.30	1.40	1.15	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
16	July True-up Made in August									(11.35)																						
17	IGS Advantage / (Disadvantage)					1.50	(2.37)	(6.93)	(11.95)	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	(4.94)	229	(1,131)
18	IGS Deliveries for May sign-up	M						5.97	6.17	6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
19	CKY Paid for May sign-up	M					0.80	1.40	1.15	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
20	July True-up Made in August									(8.18)																						
21	IGS Advantage / (Disadvantage)						0.80	(3.77)	(8.78)	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	(3.92)	532	(2,084)
22	IGS Deliveries for June sign-up	J							6.17	6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
23	CKY Paid for June sign-up	J						0.60	1.15	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
24	July True-up Made in August									(3.82)																						
25	IGS Advantage / (Disadvantage)							0.60	(4.42)	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	(1.91)	140	(267)
26	IGS Deliveries for July sign-up	J								6.17	5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17										
27	CKY Paid for July sign-up	J							0.55	1.10	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15										
28	July True-up Made in August									1.15																						
29	IGS Advantage / (Disadvantage)								0.55	(5.67)	(10.13)	(12.90)	(11.27)	(4.28)		4.50	11.18	13.82	12.85	8.98	4.42	(0.60)							0.91	0.55	29	16
30	IGS Deliveries for August sign-up	A									5.97	6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17	6.17									
31	CKY Paid for August sign-up	A								0.55	1.50	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15	0.55									
32	July True-up Made in August																															
33	IGS Advantage / (Disadvantage)									0.55	(3.92)	(6.68)	(5.05)	1.93		10.72	17.40	20.03	19.07	15.20	10.63	5.62	(0.00)						0.91	7.12	17	121
34	IGS Deliveries for September sign-up	S										6.17	5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17	6.17	5.97								
35	CKY Paid for September sign-up	S									0.95	3.40	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15	1.10	0.55								
36	July True-up Made in August																															
37	IGS Advantage / (Disadvantage)										0.95	(1.82)	(0.18)	6.80		15.58	22.27	24.90	23.93	20.07	15.50	10.48	5.42	(0.00)					0.91	12.59	16	201
38	IGS Deliveries for October sign-up	O											5.97	6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17	6.17	5.97	6.17							
39	CKY Paid for October sign-up	O										2.45	7.60	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15	1.10	1.50	0.95							
40	July True-up Made in August																															
41	IGS Advantage / (Disadvantage)											2.45	4.08	11.07		19.85	26.53	29.17	28.20	24.33	19.77	14.75	9.68	5.22	(0.00)				0.91	18.02	32	577
42	IGS Deliveries for November sign-up	N												6.17		6.17	5.57	6.17	5.97	6.17	5.97	6.17	6.17	5.97	6.17	5.97						
43	CKY Paid for November sign-up	N											5.15	13.15		14.95	12.25	8.80	5.00	2.30	1.40	1.15	1.10	1.50	3.40	2.45						
44	July True-up Made in August																															
45	IGS Advantage / (Disadvantage)												5.15	12.13		20.92	27.60	30.23	29.27	25.40	20.83	15.82	10.75	6.28	3.52	(0.00)			0.91	20.82	9	187
46	IGS Deliveries for December sign-up	D														6.17	5.57	6.17	5.97	6.17	5.97	6.17	6.17	5.97	6.17	5.97	6.17					
47	CKY Paid for December sign-up	D												8.00		14.95	12.25	8.80	5.00	2.30	1.40	1.15	1.10	1.50	3.40	7.60	5.15					
48	July True-up Made in August																															
49	IGS Advantage / (Disadvantage)													8.00		16.78	23.46	26.10	25.13	21.27	16.70	11.68	6.62	2.15	(0.62)	1.02	-		0.91	18.64	431	8,034
																														6.45	2,372	2.51 Avg/Cust

This schedule demonstrates that once a CHOICE customer has been enrolled beyond the true-up month of August for July that independent of the month of sign-up the CHOICE marketer under delivers an average of .91 mcf per customer
Further, this schedule demonstrates that the under deliveries by the CHOICE supplier for the stub period prior to true-up on average benefits the IGS by 6.45 mcf/customer
if sign-up is ratable throughout the year
Lastly, this schedule demonstrates that the average under deliveries for new customers for IGS based upon the prior 12 month enrollment pattern is 2.51 mcf/customer until such a point that this customer lapses July when the average is .91 annually

nc.

Customers				
Signed *	**Expected ****	**Actual *****	**Act v Signed**	**Act v Exp**
(1)	(2)	(3)	+(3)-(1)	+(3)-(2)
35,107	34,756	34,679	(428)	(77)
34,815	34,467	34,455	(360)	(12)
26,838	26,570	26,421	(417)	(149)
26,760	26,492	26,514	(246)	22
26,503	26,238	26,330	(173)	92
26,295	26,032	26,164	(131)	132
27,532	27,257	27,312	(220)	55
27,820	27,542	27,565	(255)	23
27,616	27,340	27,346	(270)	6
27,361	27,087	26,977	(384)	(110)
27,092	26,821	26,713	(379)	(108)
26,790	26,522	26,460	(330)	(62)
26,548	26,283	26,269	(279)	(14)
26,309	26,046	26,023	(286)	(23)
26,095	25,834	25,856	(239)	22
25,843	25,585	25,636	(207)	51
25,889	25,630	25,707	(182)	77
25,565	25,309	25,384	(181)	75
25,351	25,097	25,207	(144)	110
25,819	25,561	25,668	(151)	107
25,814	25,556	25,563	(251)	7
25,821	25,563	25,565	(256)	2
25,712	25,455	25,468	(244)	13

S in the prior month for enrollment
stomers and the resulting requested daily delivery by 1% for anticipated attrition
billed)

Columbia Gas of Kentucky, Inc.
Case 2007-00008

Line No.			*Columbia Storage* Net Activity Inj/(WD)	*Columbia Storage* Balance (DTH)*	*IGS Imbalance* Net Activity over/(under)	*IGS Imbalance* Balance (DTH)*		*Activity* Columbia	*Activity* IGS
1	August	2005		8,645,202		1,159,993			
2	September	2005	1,344,713	9,989,914	261,146	1,421,139	1/	inj	inj
3	October	2005	464,919	10,454,834	326,369	1,747,508		inj	inj
4	November	2005	(276,500)	10,178,334	228,219	1,975,727		wd	inj
5	December	2005	(2,007,753)	8,170,581	84,653	2,060,380		wd	inj
6	January	2006	(1,011,153)	7,159,428	(225,492)	1,834,888		wd	wd
7	February	2006	(1,856,030)	5,303,398	(324,754)	1,510,134		wd	wd
8	March	2006	(440,798)	4,862,600	(253,977)	1,256,157		wd	wd
9	April	2006	704,712	5,567,312	(202,833)	1,053,324		inj	wd
10	May	2006	153,226	5,720,538	(33,149)	1,020,175		inj	wd
11	June	2006	465,970	6,186,508	147,583	1,167,758		inj	inj
12	July	2006	1,472,371	7,658,879	208,348	1,376,106		inj	inj
13	August	2006	1,187,586	8,846,464	(1,227,938)	148,168		inj	wd
14	September	2006	1,425,127	10,271,591	191,148	339,316		inj	inj
15	October	2006	282	10,271,873	202,366	541,682		inj	inj
16	November	2006	(1,131,932)	9,139,941	166,679	708,361		wd	inj
17	December	2006	(1,331,428)	7,808,513	7,517	715,878		wd	inj
18	January	2007	(2,816,432)	4,992,082	(140,829)	575,049		wd	wd
19	February	2007	(2,652,426)	2,339,656	(186,140)	388,909		wd	wd
20	March	2007	80,875	2,420,531	(450,628)	(61,719)		inj	wd
21	April	2007	996,966	3,417,497	(289,424)	(351,143)		inj	wd
22	May	2007	1,489,742	4,907,239	(15,431)	(366,574)		inj	wd
23	June	2007	1,608,943	6,516,183	113,603	(252,971)		inj	inj

* Balances tracked in MCF converted to DTH using 1.04 BTU for comparison purposes with IGS data
1/ Activity includes adjustment for 70,723 DTH