### COMMONWEALTH OF KENTUCKY

### **BEFORE THE PUBLIC SERVICE COMMISSION**

PUBLIC SERVICE COMMISSION

AUG 2 1 2007

RECEIVE

OF GAS RATES OF COLUMBIA GAS OF KENTUCKY, INC.	)	CASE NO. 2007-00008
NOTICE OF PURCHASED GAS ADJUSTMENT FILING OF COLUMBIA GA OF KENTUCKY, INC.	0) AS ) )	CASE NO. 2007-00347

## SUPPLEMENT TO STIPULATION AND RECOMMENDATION

On August 10, 2007, the parties to this proceeding, namely Columbia Gas of Kentucky, Inc. ("Columbia"); the Attorney General of the Commonwealth of Kentucky; Lexington-Fayette Urban County Government; the Kentucky Industrial Utility Customers; and Interstate Gas Supply, Inc., filed a Stipulation and Recommendation that settled all of the issues in this docket. A hearing was held on August 14, 2007, during which the parties agreed to incorporate into the record in this case the record in Case No. 2007-00347, which is the docket in which Columbia filed its most recent gas cost adjustment.

Subsequent to the hearing, Columbia discovered an error in its gas cost adjustment filing. Certain amounts were inadvertently misallocated between the commodity and demand components of the Actual Cost Adjustment. Attached to this Supplement to Stipulation and Recommendation as Attachment C hereto are revised tariff sheets that correct the errors. The resulting total Gas Cost Adjustment is \$10.1932 per Mcf, a decrease of \$0.0001 per Mcf from that originally proposed and is due to mathematical rounding. The signatory parties agree that these tariff sheets should be substituted for the tariff sheets of the same number that were filed as part of Attachment A to the Stipulation and Recommendation.

Attached hereto as Attachment D are five substitute pages for Columbia's Gas Cost Adjustment calculation in Case No. 2007-00347. The signatory parties agree that these five pages should replace those same pages previously filed on July 31, 2007.

AGREED, this 21<sup>st</sup> day of August, 2007.

Hon. Stephen B. Seiple Lead Counsel On behalf of Columbia Gas of Kentucky, Inc.

V Hon. Dennis G. Howard, II On behalf of the Attorney General of the Commonwealth of Kentucky

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Hon. David J. Barberi On behalf of the Lexington-Fayette Urban County Government

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Hon. David F. Boehm On behalf of the Kentucky Industrial Utility Customers

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Hon. Matthew Malone On behalf of Interstate Gas Supply, Inc.

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#### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing responses of Columbia Gas of Kentucky, Inc. were served via either personal hand delivery, First Class U.S. Mail postage prepaid or overnight mail on the following parties, all on this  $25^{-1}$  day of  $400^{-1}$ , 2007.

Hon. Dennis G. Howard, II Hon. Lawrence W. Cook Assistant Attorney General Office of the Attorney General Utility and Rate Intervention Division 1024 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601-8204

Matthew Malone Hurt, Crosbie & May PLLC The Equus Building 127 West Main Street Lexington, Kentucky 40507 Attorney for Interstate Gas Supply, Inc.

Hon. David J. Barberie Hon. Leslye M. Bowman Lexington-Fayette Urban County Government Department of Law 200 East Main Street Lexington, Kentucky 40507

Hon. David F. Boehm Boehm, Kurtz & Lowry 36 E. Seventh Street, Suite 1510 Cincinnati, Ohio 45202 Attorney for Kentucky Industrial Utility Customers

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Mark R. Kempic, Esq. Attorney for Columbia Gas of Kentucky, Inc.

# ATTACHMENT C CORRECTED TARIFFS

COLUMBIA GAS OF KENTUCKY, INC.

Seventieth Revised Sheet No. 5

P.S.C. Ky. No. 5

	EFFECTIVE BILLII			
SALES SERVICE	Base Rate <u>Charge</u> \$		Adjustment <sup>1/</sup> <u>Commodity</u> \$	
ATE SCHEDULE GSR				
Customer Charge per billing period Delivery Charge per Mcf	9.30 1.8715	1.0112	9.1820	9.30 12.0647
ATE SCHEDULE GSO				
<u>Commercial or Industrial</u> Customer Charge per billing period Delivery <u>Charge per Mcf -</u>	23.96			23.96
First 50 Mcf or less per billing period	1.8715	1.0112	9.1820	12.0647
Next 350 Mcf per billing period	1.8153	1.0112	9.1820	12.0085
Next 600 Mcf per billing period Over 1,000 Mcf per billing period	1.7296 1.5802	1.0112 1.0112	9.1820 9.1820	11.9228 11.7734
RATE SCHEDULE IS	F 47 07			F (7 07
Customer Charge per billing period Delivery Charge per Mcf	547.37			547.37
First 30,000 Mcf per billing period	0.5467		9.1820 <sup>2/</sup>	9.7287
Over 30,000 Mcf per billing period firm Service Demand Charge	0.2905		9.1820 <sup>2/</sup>	9.4725
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreem	ent	6.5814		6.5814
ATE SCHEDULE IUS				
Customer Charge per billing period Delivery Charge per Mcf	255.00			255.00
For All Volumes Delivered	0.5905	1.0112	9,1820	10.7837

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS or IUS and received service under Rate Schedule SVGTS shall be \$9.6355 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS

2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

DATE OF ISSUE: August 21, 2007

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COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFF	FECTIVE BILLI	ING RATES			
(Continued)					
TRANSPORTATION SERVICE	Base Rate <u>Charge</u> \$		Adjustment <sup>1</sup> <u>Commodity</u> \$		т
RATE SCHEDULE SS Standby Service Demand Charge per Mcf Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement Standby Service Commodity Charge per Mcf		6.5814	9.1820	6.5814 9.1820	T I
RATE SCHEDULE DS					
Administrative Charge per account per billing per	iod			55.90	
Customer Charge per billing period <sup>2/</sup> Customer Charge per billing period (GDS only) Customer Charge per billing period (IUDS only)				547.37 23.96 255.00	N I N
Delivery Charge per Mcf <sup>2/</sup>					Т
First 30,000 Mcf Over 30,000 Mcf – Grandfathered Delivery Service	0.5467 0.2905			0.5467 0.2905	
First 50 Mcf or less per billing period Next 350 Mcf per billing period Next 600 Mcf per billing period All Over 1,000 Mcf per billing period – Intrastate Utility Delivery Service				1.8715 1.8153 1.7296 1.5802	N T
All Volumes per billing period				0.5905	-
Banking and Balancing Service Rate per Mcf		0.0207		0.0207	T,R
RATE SCHEDULE MLDS					т
Administrative Charge per account each billing Customer Charge per billing period Delivery Charge per Mcf Banking and Balancing Service	period			55.90 200.00 0.0858	N
Rate per Mcf		0.0207		0.0207	R
<u>1</u> / The Gas Cost Adjustment, as shown, is an	adjustment per	Mcf determin	ed in accorde	nce with the	т
<ul> <li>"Gas Cost Adjustment Clause" as set forth</li> <li>2/ Applicable to all Rate Schedule DS custome Service or Intrastate Utility Delivery Service.</li> </ul>	on Sheets 48 th ers except thos	rough 51 of t	his Tariff.		N

DATE OF ISSUE: August 21, 2007

ISSUED BY: Herbert A. Miller, Jr.

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### COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFEC	TIVE BILLING RATES	
RATE SCHEDULE SVGTS	Billing Rate	т
General Service Residential	\$	
Customer Charge per billing period Delivery Charge per Mcf	9.30 1.8715	N
General Service Other - Commercial or Industrial		т
Customer Charge per billing period	23.96	Ν
Delivery Charge per Mcf - First 50 Mcf or less per billing period Next 350 Mcf per billing period Next 600 Mcf per billing period Over 1,000 Mcf per billing period	1.8715 1.8153 1.7296 1.5802	Т
Intrastate Utility Service		
Customer Charge per billing period Delivery Charge per Mcf	255.00 \$ 0.5905	N
Actual Gas Cost Adjustment <sup>1/</sup>		
For all volumes per billing period per Mcf	\$ 0.9112	Т,І
Rate Schedule SVAS		
Balancing Charge per Mcf	\$ 0.9097	R
1/ The Gas Cost Adjustment is applicable to a custo SVGTS and received service under Rate Schedule ( months during which they were served under Rate S	GS or IUS for only those months of the prior twelve	Т

DATE OF ISSUE: August 21, 2007

# DATE EFFECTIVE: August 29, 2007

**ISSUED BY:** Herbert A. Miller, Jr.

President

# ATTACHMENT D

# **CORRECTED GCA CALCUATION PAGES**

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### Columbia Gas of Kentucky, Inc. Comparison of Current and Proposed GCAs

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Revised Stipulation

Line <u>No.</u> 1 Commodity Cost of Gas	June-07 <u>CURRENT</u> \$8.9201	September-07 <u>PROPOSED</u> \$8.2708	DIFFERENCE (\$0.6493)
2 Demand Cost of Gas	<u>\$1.3567</u>	<u>\$1.3647</u>	<u>\$0.0080</u>
3 Total: Expected Gas Cost (EGC)	\$10.2768	\$9.6355	(\$0.6413)
4 SAS Refund Adjustment	(\$0.0002)	(\$0.0002)	\$0.0000
5 Balancing Adjustment	(\$1.1408)	\$0.0211	\$1.1619
6 Supplier Refund Adjustment	(\$0.0065)	(\$0.0065)	\$0.0000
7 Actual Cost Adjustment	(\$1.9761)	\$0.5382	\$2.5143
8 Gas Cost Incentive Adjustment	<u>\$0.0051</u>	<u>\$0.0051</u>	<u>\$0.0000</u>
9 Cost of Gas to Tariff Customers (GCA)	\$7.1583	\$10.1932	\$3.0349
10 Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11 Banking and Balancing Service	\$0.0208	\$0.0207	(\$0.0001)
<ul><li>12 Rate Schedule FI and GSO</li><li>13 Customer Demand Charge</li></ul>	\$6.5814	\$6.5814	\$0.0000

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Columbia Gas of Kentucky, Inc. Gas Cost Adjustment Clause Gas Cost Recovery Rate Sept. - Nov. 07

Line <u>No.</u>	Description			Amount	Expires
1	Expected Gas Cost (EGC)	Schedule No. 1		\$9.6355	
2	Actual Cost Adjustment (ACA)	Schedule No. 2		\$0.5382	8-31-08
3	SAS Refund Adjustment (RA)	Schedule No. 5		(\$0.0002)	8-31-08
4	Supplier Refund Adjustment (RA)	Schedule No. 4		(\$0.0065)	05-31-08
-		τ			
		Total Refunds		(\$0.0065)	
5	Balancing Adjustment (BA)	Schedule No. 3		\$0.0211	2-28-08
6	Gas Cost Incentive Adjustment	Schedule No. 6		\$0.0051	2-28-08
			Total GCIA	\$0.0051	
7. 8	Gas Cost Adjustment Sept Nov. 07			<u>\$10.1932</u>	
9 10	Expected Demand Cost (EDC) per Mcf (Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4		<u>\$6.5814</u>	

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DATE FILED: August 21, 2007

BY: J. M. Cooper

COLUMBIA GAS OF KENTUCKY, INC.	ATEMENT SHOWING COMPUTATION OF CTUAL GAS COST ADJUSTMENT (ACA)

ACTUAL GAS COST ADJUSTMENT (ACA) BASED ON THE TWELVE MONTHS ENDED JUNE 30, 2007 ST/

Information Only Marketed Capacity Release \$ (12)	(\$176,804.22) (\$153,140.94) (\$153,140.94) (\$171,836.72) (\$92,040.63) (\$94,926.50) (\$117,166.93) (\$117,166.93) (\$100,766.16) (\$10,766.16) (\$10,856.50) (\$91,490.33) (\$91,494.53)	(\$1,441,044.90)						
Capacity Release <u>Passback</u> (11)	\$8,160.31 \$7,337.34 \$7,337.31 \$7,756.61 \$21,952.50 \$13,712.00 \$21,713.15 \$12,703.95 \$12,713.15 \$12,713.15 \$12,700.10 \$21,713.15 \$12,200.10	\$175,754.52						
Off System <u>Sales</u> (Accounting) (10)	\$94,977.39 \$7,659.37 \$87,159.37 \$117,981.21 \$14,735.34 \$14,735.34 \$550,334.21 \$550,334.21 \$75,730.20 \$75,730.20 \$75,730.20 \$75,730.20 \$75,730.20 \$75,730.20	\$2,456,881.53						
(OVER)/ UNDER <u>RECOVERY</u> \$ (9)=(8)-(7)	(\$5,208,766) \$11,734,968 (\$1,390,061) \$272,098 \$3,491,100 \$1,074,638 \$4,712,943 \$7,620,692 (\$5,633,371) (\$5,653,371) (\$5,653,371) (\$1,983,087)	\$10,376,779	(\$2,456,882) (\$175,755)	\$7,744,143	\$15,778,136 \$10,788,223 (\$4,989,913). 14,388,000	(\$0.3468)	\$98,247,315 \$110,981,349 \$12,734,035 14,388,000	\$0.8850
Cost of Gas <u>Purchased</u> \$ (8)	(\$2,939,714) \$13,823,911 \$924,201 \$4,191,116 \$13,376,221 \$16,307,190 \$21,431,056 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,655,976 \$33,51,145\$31,145 \$33,51,145 \$33,51,145\$31,145\$31,145 \$34,51,145\$35,51,155\$35,51,155\$35,51,155\$35,51,155\$35	\$12		11	1		H	
Total Gas Cost <u>Recovery</u> \$ (7)=(5)+(6)	\$2,269,053 \$2,088,943 \$2,364,266 \$3,919,018 9,885,120,89 \$15,232,553 \$16,718,113 \$26,035,254 \$16,718,113 \$26,035,254 \$16,718,113 \$26,035,254 \$16,718,113 \$26,035,254 \$26,037,060 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$2,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,601 \$3,357,501 \$3,357,501 \$3,357,501 \$3,357,501 \$3,357,502 \$3,357,505 \$3,357,505 \$3,377,505 \$3,377,505 \$3,575,505,505 \$3,575,505,505 \$3,575,505,505,505,505,505,505,505,505,505	\$114,025,429						
Standby Service <u>Recovery</u> \$ (6)	\$32.783 33,032.58 33,033.52 33,571.56 33,571.56 33,571.56 33,571.56 33,571.56 33,571.56 33,571.56 53,708.46 25,297.85 42,872.05 44,645.35 34,541.135 34,541.35 30,166.76	\$457,334						
Gas Cost <u>Recovery</u> \$ (5)	\$2,236,269 \$2,055,909 2,325,486,30 3,885,446,08 9,845,447,51 15,178,844,45 16,692,815,15 16,692,815,15 16,692,815,15 18,334,549,17 18,334,549,17 18,334,549,17 8,922,712,956,02 5,732,956,02 5,732,956,02 5,732,956,02 5,732,956,02 5,735,02 5,732,0356,02 5,742,0356,02 5,7526,0200,0200,0200,0200,0200,0200,00000000	\$113,568,095						
Average Expected Gas Cost <u>Rate</u> \$/Mcf (4) = (5/3)	\$10.7034 \$10.7035 \$10.0616 \$10.0239 \$10.0239 \$10.23968 \$10.4012 \$9.4131 \$9.4131 \$9.4131 \$9.4278 \$9.4131	) ) ) -			d Aug. 30, 2008		d Aug. 30, 2008	
Net Applicable Sales <u>Volumes</u> Mcf (3)=(1)-(2)	208.930 192.079 231.124 387.618 982.197 1,459,953 1,604,894 2,498,983 1,944,734 948,543 564,422 564,422	11,294,323			live Months En	8	ive Months En	2008
Standby Service Sales <u>Volumes</u> Mcf (2)	(184) (242) (242) 422 674 (171) 674 1,105 1,105 1,105 1,105 1,105 1,20378 2,378 2,378	5,527		RY	for the Twe	ST 31, 200	, for the Twe	JGUST 31,
Total Sales Volumes <u>Per Books</u> Mcf (1)	208.746 191.837 231.546 387,447 982,871 1,462.708 1,603,433 2,500,088 1,946,655 947,899 566,800 566,800	11.299,850		IDER-RECOVE	r Received as 1/ der Recovery Shoice Volumes	EXPIRE AUGU	les Received Gas Under Recover) Choice Volumes	TO EXPIRE A
MONTH	July 2006 August 2006 September 2006 October 2006 November 2006 January 2007 February 2007 March 2007 March 2007 March 2007	TOTAL	Off-System Sales Capacity Release Gas Cost Audit	TOTAL (OVER)/UNDER-RECOVERY	Demand Revenues Received Demand Cost of Gas 1/ Demand (Over)/Under Recovery Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008	DEMAND ACA TO EXPIRE AUGUST 31, 2008	Commodity Revenues Received Commodity Cost of Gas Commodity (Over)/Under Recovery Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008	COMMODITY ACA TO EXPIRE AUGUST 31, 2008
LINE NO.	- 0 0 4 v o r o o o o t t	13 13	15 15 16	17	18 20 21	22	23 25 26	27

1/ Per final order in case no. 2004-00462 dated March 29, 2005, Demand Cost of Gas shown is net of customer sharing credits of 50% of Capacity Release and Off System Sales profits, and credit for recovery throught the SVAS Balancing Charge on Sheet 7a of the tariff.

TOTAL ACA TO EXPIRE AUGUST 31, 2008

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\$0.5382

Schedule No. 2 Sheet 1 of 2 Revised Stipulation

## COLUMBIA GAS OF KENTUCKY

# CASE NO. 2007-00347 Effective September 2007 Billing Cycle

## CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

Demand Component of Gas Cost Adjustment	\$/MCF	
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19) Demand ACA (Schedule No. 2, Sheet 1, Line 26) Refund Adjustment (Schedule No. 4) SAS Refund Adjustment (Schedule No. 5)	\$1.3647 -0.3468 -0.0065	
Total Demand Rate per Mcf	<u>-0.0002</u> \$1.0112	< to Att. E, line 21

### Commodity Component of Gas Cost Adjustment

Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	\$8,2708
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	\$0.8850
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	\$0.0211
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0051</u>
Total Commodity Rate per Mcf	\$9.1820

CHECK:	\$1.0112
	<u>\$9.1820</u>
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$10.1932

Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment

Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	\$0.8850
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	\$0.0211
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0051</u>
Total Commodity Rate per Mcf	\$0.9112

Columbia Gas of Kentucky, Inc. CKY Choice Program 100% Load Factor Rate of Assigned FTS Capacity Balancing Charge

Sept. - Nov. 07

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Line			Contract		Monthly demand	# months	Assignment	Adjustment for retention on downstream		
No.	Description		Volume Retent		on charges	A/	proportions	pipe, if any	Annual costs	
	· •		Dth		\$/Dth				\$/Dth	\$/MCF
			Sheet 3		Sheet 3		lines 4, 5			
			(1)	(2)	(3)	(4)	(5)	(6) =	(7) =	
			(•)	()	(•)	(.)	(-7	1 / (100%-		
								col2)	3*4*5*6	
City g	ate capacity assigned to	Choice	marketers							
1	Contract									
2	CKT FTS/SST		28,000	0.644%						
3	TCO FTS		20,014	2.007%						
4	Total		48,014							
5										
6	Assignment Proportions									
7	CKT FTS/SST	1/3	58.32%							
8	TCO FTS	2/3	41.68%							
9	I									
10										
Annu	al demand cost of capac	ity assig	ned to cho	ice markete	ers					
11	CKT FTS				\$0.5090	12	0.5832	1.0000	\$3.5620	
12	TCO FTS				\$5.9670	12	2 0.4168	1.0000	\$29.8472	
13	Gulf FTS-1, upstream to CKT FTS				\$3.1450	12	0.5832		\$22.1512	
14	TGP FTS-A, upstream to TCO FTS				\$4.6238	12	0.4168	1.0205	\$23.6021	
15										
16	Total Demand Cost of Assigned FTS, per unit								\$79.1625	\$83.7856
17										
18	100% Load Factor Rate	(10 / 365	days)							\$0.2295
19	· -									
20										
	ncing charge, paid by Ch				· · · · · · · · ·	4 NI. 7				<b>#1 0140</b>
21	Demand Cost Recovery			vict per CKY	i arim Shee	et INO. 5				\$1.0112 (\$0.2205)
22	Less credit for cost of assigned capacity Plus storage commodity costs incurred by CKY for the Choice marketer									(\$0.2295) \$0.1280
23	Plus storage commodity	COSIS INC	urred by Cr	vi tor the Cl	noice marke	erel				φ <b>υ.</b> Ι∠οU
24 25	Balancing Charge, per N		n(12:14)							\$0.9097
20	balancing charge, per iv	ici suii	11(12.14)							ψυ.ουστ
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