

Columbia Gas[®]
of Kentucky

A NiSource Company

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

May 7, 2008

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED

MAY 08 2008

PUBLIC SERVICE
COMMISSION

Re: Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Case No. 2008-00157

Dear Ms. Stumbo:

On April 30, 2008, Columbia Gas of Kentucky, Inc., ("Columbia") filed its quarterly gas cost adjustment filing to be effective with its June 2008 billing cycle. The calculation of the unit cost of Non-Appalachian purchases was inadvertently not calculated in one month resulting in a lower than expected total cost of purchases. Please find enclosed a substitute and revised Sheet 5 and accompanying schedules to reflect the revised Gas Cost Adjustment.

The result of the correction is that the Average Commodity Cost of Gas in an increase of \$2.9732 per Mcf. All other adjustments remain as originally proposed. The total revised increase to tariff sales customers is \$2.9835 per Mcf.

Please feel free to contact me at 859-288-0242 if there are any questions.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

Enclosures

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

SUBSTITUTE

<u>Line No.</u>	<u>March-08 CURRENT</u>	<u>June-08 PROPOSED</u>	<u>DIFFERENCE</u>
1 Commodity Cost of Gas	\$9.3328	\$12.3060	\$2.9732
2 Demand Cost of Gas	<u>\$1.3634</u>	<u>\$1.3682</u>	<u>\$0.0048</u>
3 Total: Expected Gas Cost (EGC)	\$10.6962	\$13.6742	\$2.9780
4 SAS Refund Adjustment	(\$0.0002)	(\$0.0002)	\$0.0000
5 Balancing Adjustment	(\$0.5824)	(\$0.5824)	\$0.0000
6 Supplier Refund Adjustment	(\$0.0118)	(\$0.0063)	\$0.0055
7 Actual Cost Adjustment	\$0.5382	\$0.5382	\$0.0000
8 Gas Cost Incentive Adjustment	<u>\$0.0273</u>	<u>\$0.0273</u>	<u>\$0.0000</u>
9 Cost of Gas to Tariff Customers (GCA)	\$10.6673	\$13.6508	\$2.9835
10 Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11 Banking and Balancing Service	\$0.0207	\$0.0208	\$0.0001
12 Rate Schedule FI and GSO			
13 Customer Demand Charge	\$6.5709	\$6.5709	\$0.0000

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
June - Aug 08

SUBSTITUTE

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>	<u>Expires</u>
1	Expected Gas Cost (EGC)	Schedule No 1	\$13.6742	
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	(\$0.0010) (\$0.0053)	05-31-09 02-28-09
		Total Refunds	<u>(\$0.0063)</u>	
5	Balancing Adjustment (BA)	Schedule No. 3	(\$0.5824)	2-28-09
6	Gas Cost Incentive Adjustment	Schedule No 6	\$0.0273	2-28-09
7	Gas Cost Adjustment			
8	June - Aug 08		<u>\$13.6508</u>	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No 1, Sheet 4	<u>\$6.5709</u>	

DATE FILED: May 7, 2008

BY: J. M. Cooper

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
 June - Aug 08

Schedule No 1
 Sheet 1
 SUBSTITUTE

Line No.	Description	Reference	Volume A/		Rate		Cost (5)
			Mcf (1)	Dth. (2)	Per Mcf (3)	Per Dth (4)	
Storage Supply							
Includes storage activity for sales customers only							
Commodity Charge							
1	Withdrawal			0		\$0 0153	\$0
2	Injection			4,717,000		\$0 0153	\$72.170
3	Withdrawals: gas cost includes pipeline fuel and commodity charges			0		\$9 6753	\$0
Total							
4	Volume	= 3		0			
5	Cost	sum(1:3)					\$72.170
6	Summary	4 or 5		0			\$72,170
Flowing Supply							
Excludes volumes injected into or withdrawn from storage							
Net of pipeline retention volumes and cost Add unit retention cost on line 17							
7	Non-Appalachian	Sch 1, Sht. 5. Ln 4		806,000			\$8,690.512
8	Appalachian Supplies	Sch 1, Sht 6. Ln. 4		60,000			\$646,000
9	Less Fuel Retention By Interstate Pipelines	Sch. 1,Sheet 7. Lines 21, 22		(196,000)			(\$2.056.908)
10	Total	7 + 8 + 9		670.000			\$7.279.604
Total Supply							
11	At City-Gate	Line 6 + 10		670.000			\$7.351.774
Lost and Unaccounted For							
12	Factor			-0.9%			
13	Volume	Line 11 * 12		(6,030)			
14	At Customer Meter	Line 11 + 13		663,970			
15	Sales Volume	Line 14	628.640	663.970			
Unit Costs \$/MCF							
Commodity Cost							
16	Excluding Cost of Pipeline Retention	Line 11 / Line 15				\$11 6947	
17	Annualized Unit Cost of Retention	Sch. 1,Sheet 7. Line 24				\$0.6113	
18	Including Cost of Pipeline Retention	Line 16 + 17				\$12 3060	
19	Demand Cost	Sch 1, Sht. 2, Line 9				\$1.3682	
20	Total Expected Gas Cost (EGC)	Line 18 + 19				\$13 6742	

A/ BTU Factor = 1.0562 Dth/MCF

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
June - Aug 08

Schedule No. 1
Sheet 5
SUBSTITUTE

Cost includes transportation commodity cost and retention by the interstate pipelines,
but excludes pipeline demand costs.
The volumes and costs shown are for sales customers only.

Line No.	Month	Total Flowing Supply Including Gas Injected Into Storage			Net Storage Injection Dth (4)	Net Flowing Supply for Current Consumption	
		Volume A/ Dth (1)	Cost (2)	Unit Cost \$/Dth (3) = (2) / (1)		Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Jun-08	1,855,000	\$19,843,000	\$10.70	(1,583,000)	272,000	\$2,909,594
2	Jul-08	1,848,000	\$19,955,000	\$10.80	(1,578,000)	270,000	\$2,915,503
3	Aug-08	1,820,000	\$19,754,000	\$10.85	(1,556,000)	264,000	\$2,865,415
4	Total 1+2+3	5,523,000	\$59,552,000	\$10.78	(4,717,000)	806,000	\$8,690,512

A/ Gross, before retention.

COLUMBIA GAS OF KENTUCKY
CASE NO. 2008-00157 Effective June 2008 Billing Cycle

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

	\$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	\$1.3682	
Demand ACA (Schedule No. 2, Sheet 1, Line 26)	-0.3468	
Refund Adjustment (Schedule No. 4)	-0.0063	
SAS Refund Adjustment (Schedule No. 5)	<u>-0.0002</u>	
Total Demand Rate per Mcf	\$1.0149	<--- to Alt E, line 21

Commodity Component of Gas Cost Adjustment

Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	\$12.3060
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	\$0.8850
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-\$0.5824
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0273</u>
Total Commodity Rate per Mcf	\$12.6359

CHECK:	\$1.0149
	<u>\$12.6359</u>
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$13.6508

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)	-\$0.5824
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0273</u>
Total Commodity Rate per Mcf	\$0.3299

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

<u>SALES SERVICE</u>	<u>Base Rate</u>	<u>Gas Cost Adjustment^{1/}</u>		<u>Total</u>
	<u>Charge</u>	<u>Demand</u>	<u>Commodity</u>	<u>Billing</u>
	\$	\$	\$	\$
<u>RATE SCHEDULE GSR</u>				
Customer Charge per billing period	9.30			9.30
Delivery Charge per Mcf	1.8715	1.0149	12.6359	15.5223
<u>RATE SCHEDULE GSO</u>				
<u>Commercial or Industrial</u>				
Customer Charge per billing period	23.96			23.96
Delivery Charge per Mcf -				
First 50 Mcf or less per billing period	1.8715	1.0149	12.6359	15.5223
Next 350 Mcf per billing period	1.8153	1.0149	12.6359	15.4661
Next 600 Mcf per billing period	1.7296	1.0149	12.6359	15.3804
Over 1,000 Mcf per billing period	1.5802	1.0149	12.6359	15.2310
<u>RATE SCHEDULE IS</u>				
Customer Charge per billing period	547.37			547.37
Delivery Charge per Mcf				
First 30,000 Mcf per billing period	0.5467		12.6359 ^{2/}	13.1826
Over 30,000 Mcf per billing period	0.2905		12.6359 ^{2/}	12.9264
Firm Service Demand Charge				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		6.5709		6.5709
<u>RATE SCHEDULE IUS</u>				
Customer Charge per billing period	255.00			255.00
Delivery Charge per Mcf				
For All Volumes Delivered	0.5905	1.0149	12.6359	14.2413

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 \$13.6742 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.

R – Reduction I - Increase

DATE OF ISSUE: April 30, 2008

DATE EFFECTIVE: May 30, 2008
 June 2008 Billing

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

<u>TRANSPORTATION SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/}</u> <u>Demand</u> <u>Commodity</u> \$ \$	<u>Total Billing Rate</u> \$
<u>RATE SCHEDULE SS</u>			
Standby Service Demand Charge per Mcf			
Demand Charge times Daily Firm			
Volume (Mcf) in Customer Service Agreement		6.5709	6.5709
Standby Service Commodity Charge per Mcf		12.6359	12.6359
<u>RATE SCHEDULE DS</u>			
Administrative Charge per account per billing period			55.90
Customer Charge per billing period ^{2/}			547.37
Customer Charge per billing period (GDS only)			23.96
Customer Charge per billing period (IUDS only)			255.00
<u>Delivery Charge per Mcf^{2/}</u>			
First 30,000 Mcf	0.5467		0.5467
Over 30,000 Mcf	0.2905		0.2905
- Grandfathered Delivery Service			
First 50 Mcf or less per billing period			1.8715
Next 350 Mcf per billing period			1.8153
Next 600 Mcf per billing period			1.7296
All Over 1,000 Mcf per billing period			1.5802
- Intrastate Utility Delivery Service			
All Volumes per billing period			0.5905
Banking and Balancing Service			
Rate per Mcf		0.0208	0.0208
<u>RATE SCHEDULE MLDS</u>			
Administrative Charge per account each billing period			55.90
Customer Charge per billing period			200.00
Delivery Charge per Mcf			0.0858
Banking and Balancing Service			
Rate per Mcf		0.0208	0.0208
<p>^{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.</p> <p>^{2/} Applicable to all Rate Schedule DS customers except those served under Grandfathered Delivery Service or Intrastate Utility Delivery Service.</p>			
<p>R - Reduction I - Increase</p>			

DATE OF ISSUE: April 30, 2008

DATE EFFECTIVE: May 30, 2008
 June 2008 Billing Cycle

ISSUED BY: Herbert A. Miller, Jr.

President