

October 15, 2014

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

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OCT 15 2014

PUBLIC SERVICE  
COMMISSION

Re: **Columbia Gas of Kentucky, Inc.**  
**2014 Accelerated Main Replacement Program Filing**

Case No.  
2014-00366

Dear Mr. Derouen:

Pursuant to the Commission's Order dated December 13, 2013 in Case No. 2013-00167, Columbia Gas of Kentucky, Inc. ("Columbia") hereby encloses for filing with the Commission, an original and ten (10) copies of Columbia's 2014 annual forecasted data submitted pursuant to the requirements of the Accelerated Main Replacement Program ("AMRP") Rider contained in Columbia's tariff. By updating the rider, Columbia proposes to increase its current rates to tariff customers effective December 31, 2014 (the beginning of Columbia's January 2015 billing cycle) as follows:

Rate GSR, Rate SVGTS – Residential Service	\$1.13
Rate GSO, Rate GDS, Rate SVGTS – Commercial or Industrial	\$4.02
Rate IUS, Rate IUDES	\$38.63
Rate IS, Rate DS <sup>1</sup> , Rate SAS	\$229.15

<sup>1</sup> Excluding customers subject to Flex Provisions of Rate Schedule DS

Please feel free to contact me at mlthompson@nisource.com or 614-460-4874 if there are any questions.

Sincerely,

*Melissa L. Thompson (gmc)*

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P. O. Box 117  
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Attorneys for  
COLUMBIA GAS OF KENTUCKY, INC.

**Columbia Gas of Kentucky, Inc.**  
**Annual Adjustment to the Accelerated Main Replacement Program ("AMRP")**  
**Forecasted Period Ending December 31, 2015**  
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Columbia Gas of Kentucky, Inc.  
 Annual Adjustment to the Accelerated Main Replacement Program ("AMRP")  
 AMRP Rider by Rate Schedule

Line No.	<u>Rate Schedule</u> (1)	Base Revenue as Approved PSC Case No. 2013-00167 (2)	Allocation Percent <sup>(1)</sup> (3)	Revenue Requirement (4)	Billing Determinant # of Bills <sup>(2)</sup> (5)	Monthly AMRP Rider (6)
1	Rate GSR, Rate SVGTS - Residential Service	\$39,711,945	65.298%	\$1,619,681	1,428,306	\$1.13
2	Rate GSO, Rate GDS, Rate SVGTS - Com. or Ind. Service	\$16,631,655	27.347%	\$678,334	168,562	\$4.02
3	Rate IUS, Rate IUDS	\$22,731	0.037%	\$927	24	\$38.63
4	Rate IS, Rate DS <sup>(3)</sup> , Rate SAS	\$4,449,771	7.317%	\$181,487	792	\$229.15
5	TOTAL	<u>\$60,816,101</u>	<u>100.000%</u>	<u>\$2,480,430</u>	<u>1,597,684</u>	

## Notes:

<sup>(1)</sup> Allocation percent is based on the overall base revenue distribution approved in PSC Case No. 2013-00167

<sup>(2)</sup> Billing Determinants based on projected twelve months ending December 31, 2015 bills

<sup>(3)</sup> Excluding customers subject to the Flex Provisions of Rate Schedule DS.

Columbia Gas of Kentucky, Inc.  
 Annual Adjustment to the Accelerated Main Replacement Program ("AMRP")  
 Forecasted AMRP Revenue Requirement for 2015

<u>Line No.</u>		<u>AMRP Investment December 31, 2015 (1)</u>	<u>Reference (2)</u>
<b>Return on Investment</b>			
<b><u>Rate Base</u></b>			
1	Net AMRP Investment-Property, Plant and Equipment	16,162,372	Form 2.0
2	Cost of Removal	808,256	Form 2.0
3	Accumulated Reserve for Depreciation	<u>3,155,341</u>	Form 2.0
4	Net PP&E	20,125,969	
5	Deferred Taxes on Liberalized Depreciation	<u>(1,853,670)</u>	Form 2.1
6	Net Rate Base	18,272,299	Line 4 + Line 5
7	Authorized Rate of Return, Adjusted for Income Taxes	11.38%	Form 1.2
8	Required Return on AMRP Related Investment	<u>2,078,565</u>	Line 6 * Line 7
<b><u>Operating Expenses</u></b>			
9	Depreciation	211,970	Form 2.0
10	Property Tax <sup>(1)</sup>	185,544	Line 1 * 1.148%
11	O&M Savings FERC Account 887	-	Form 3.0
12	PSC Assessment <sup>(2)</sup>	<u>4,351</u>	(Sum Line 8 to 11) * (.1754%/(1-.1754%))
13	Total Operating Expenses	401,865	Sum Lines 9 to 12
14	<b><u>Total Annual Revenue Requirement</u></b>	<u><u>2,480,430</u></u>	Line 8 + Line 13

## Notes:

(1) Property taxes estimated using an effective rate of 1.148%

(2) PSC Assessment estimated using a rate of .1754%

Columbia Gas of Kentucky, Inc.  
 Annual Adjustment to the Accelerated Main Replacement Program  
 Cost of Capital

<u>Line No.</u>	<u>Capital Structure</u> (1)	<u>Ratio</u> (2)	<u>Cost</u> (3)	<u>Weighted Cost</u> (4)	<u>Pre-Tax @ Effect tax of 38.90%</u> (5)
1	Short term Debt	0.27%	1.940%	0.01%	0.01%
2	Long term Debt	47.34%	5.680%	2.69%	2.69%
3	Equity	<u>52.39%</u>	10.125%	<u>5.30%</u>	<u>8.68%</u>
4	Total	100.00%		8.00%	11.38%

Columbia Gas of Kentucky, Inc.  
Annual Adjustment to the Accelerated Main Replacement Program  
Plant Additions and Depreciation

Line No.	Description (1)	Account Number (2)	2014 Plant Balance <sup>(1)</sup> (3)	Depr Rates (4)	Depr on Beginning Balance (5)=(3)*(4)	2015 Additions & Retirements (6)	Current Year Depr on Adds/(Ret) (7)=(4)*(6)*50%	2015 Ending Plant Balance (8)=(6)+(3)
<b>Additions</b>								
1	Mains	376	4,558,347	1.57%	71,566	8,373,000	65,728	12,931,347
2	Plant Regulators	378	-	2.35%	-	-	-	-
3	Service Lines	380	2,777,195	2.59%	71,929	3,827,000	49,560	6,604,195
4	Meter Installations	382	27,751	2.39%	663	-	-	27,751
5	House Regulators	383	9,086	1.39%	126	-	-	9,086
6	Total Additions		7,372,378		144,284	12,200,000	115,288	19,572,378
<b>Retirements</b>								
1	Mains	376	(990,181)	1.57%	(15,546)	(1,275,781)	(10,015)	(2,265,962)
2	Plant Regulators	378	-	2.35%	-	-	-	-
3	Service Lines	380	(550,347)	2.59%	(14,254)	(583,114)	(7,551)	(1,133,461)
4	Meter Installations	382	(8,902)	2.39%	(213)	-	-	(8,902)
5	House Regulators	383	(1,682)	1.39%	(23)	-	-	(1,682)
6	Total Retirements		(1,551,111)		(30,036)	(1,858,895)	(17,566)	(3,410,006)
7	<b>Total Plant</b>		<b>5,821,267</b>		<b>114,248</b>	<b>10,341,105</b>	<b>97,722</b>	<b>16,162,372</b>
<b>Cost of Removal</b>								
9	Mains	376	107,229			191,367		298,596
10	Plant Regulators	378	552			-		552
11	Service Lines	380	217,551			291,557		509,108
12	Total Cost of Removal		325,331			482,924		808,256

Notes:

<sup>(1)</sup> See Form 2.2 for detail of 2014 AMRP eligible additions

Columbia Gas of Kentucky, Inc.  
Calculation of Accumulated Deferred Income Tax  
Annual Adjustment to the Accelerated Main Replacement Program

Ln. No.	MACRS 20 Year Tax Depr Rates	Year	2014 Additions	2015 Additions	Annual Tax Depreciation	Cost of Removal	Book Depreciation	Difference	Deferred Tax @ 38.9%	Accumulated Deferred Inc. Taxes-Fed NOL	Accumulated Deferred Inc. Taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1	Total AMRP Plant Additions		<u>7,372,378</u>	<u>12,200,000</u>							
2			<hr/>								
3	0.03750	1	2,379,157		2,379,157	325,331	42,695	2,661,793	1,035,437	-	1,035,437
4	0.07219	2	374,505	3,949,558	4,324,063	482,924	211,970	4,595,017	1,787,462	(969,229)	1,853,670
5	0.06677	3	346,387	618,805	965,192		309,139	656,053	255,205	969,229	3,078,104
6	0.06177	4	320,448	572,345	892,793		309,139	583,654	227,042	-	3,305,146
7	0.05713	5	296,377	529,486	825,863		309,139	516,724	201,005	-	3,506,151
8	0.05285	6	274,174	489,712	763,886		309,139	454,747	176,896	-	3,683,047
9	0.04888	7	253,578	453,024	706,602		309,139	397,463	154,613	-	3,837,660
10	0.04522	8	234,590	418,994	653,584		309,139	344,445	133,989	-	3,971,649
11	0.04462	9	231,478	387,621	619,099		309,139	309,960	120,574	-	4,092,223
12	0.04461	10	231,426	382,478	613,904		309,139	304,765	118,554	-	4,210,777
13	0.04462	11	231,478	382,392	613,870		309,139	304,731	118,540	-	4,329,317
14	0.04461	12	231,426	382,478	613,904		309,139	304,765	118,554	-	4,447,871
15	0.04462	13	231,478	382,392	613,870		309,139	304,731	118,540	-	4,566,411
16	0.04461	14	231,426	382,478	613,904		309,139	304,765	118,554	-	4,684,965
17	0.04462	15	231,478	382,392	613,870		309,139	304,731	118,540	-	4,803,505
18	0.04461	16	231,426	382,478	613,904		309,139	304,765	118,554	-	4,922,059
19	0.04462	17	231,478	382,392	613,870		309,139	304,731	118,540	-	5,040,599
20	0.04461	18	231,426	382,478	613,904		309,139	304,765	118,554	-	5,159,153
21	0.04462	19	231,478	382,392	613,870		309,139	304,731	118,540	-	5,277,693
22	0.04461	20	231,426	382,478	613,904		309,139	304,765	118,554	-	5,396,247
23	0.02231	21	115,739	382,392	498,131		309,139	188,992	73,518	-	5,469,765
24		22	-	191,239	191,239		309,139	(117,900)	(45,863)	-	5,423,902
25											
26			<u>7,372,379</u>	<u>12,200,004</u>	<u>19,572,383</u>	<u>808,256</u>	<u>6,437,445</u>				

Notes:

Columbia Gas of Kentucky, Inc.  
Calculation of Accumulated Deferred Income Tax  
Annual Adjustment to the Accelerated Main Replacement Program

Ln. No.	MACRS 20 Year Tax Depr Rates	Year	2014 Additions	2015 Additions	Annual Tax Depreciation	Cost of Removal	Book Depreciation	Difference	Deferred Tax @ 38.9%	Accumulated Deferred Inc. Taxes-Fed NOL	Accumulated Deferred Inc. Taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1	AMRP Plant Additions <sup>(1)</sup>		7,335,541	12,200,000							
2	Composite Tax Repairs & 263a %		29.739%	29.739%							
3	0.03750	1	2,374,766		2,374,766	324,780	42,537	2,657,009	1,033,576	-	1,033,576
4	0.07219	2	372,071	3,949,558	4,321,629	482,924	211,417	4,593,136	1,786,730	-	2,820,306
5	0.06677	3	344,136	618,805	962,941		309,139	653,802	254,329	-	3,074,635
6	0.06177	4	318,366	572,345	890,711		309,139	581,572	226,232	-	3,300,867
7	0.05713	5	294,451	529,486	823,937		309,139	514,798	200,256	-	3,501,123
8	0.05285	6	272,392	489,712	762,104		309,139	452,965	176,203	-	3,677,326
9	0.04888	7	251,930	453,024	704,954		309,139	395,815	153,972	-	3,831,298
10	0.04522	8	233,066	418,994	652,060		309,139	342,921	133,396	-	3,964,694
11	0.04462	9	229,974	387,621	617,595		309,139	308,456	119,989	-	4,084,683
12	0.04461	10	229,922	382,478	612,400		309,139	303,261	117,969	-	4,202,652
13	0.04462	11	229,974	382,392	612,366		309,139	303,227	117,955	-	4,320,607
14	0.04461	12	229,922	382,478	612,400		309,139	303,261	117,969	-	4,438,576
15	0.04462	13	229,974	382,392	612,366		309,139	303,227	117,955	-	4,556,531
16	0.04461	14	229,922	382,478	612,400		309,139	303,261	117,969	-	4,674,500
17	0.04462	15	229,974	382,392	612,366		309,139	303,227	117,955	-	4,792,455
18	0.04461	16	229,922	382,478	612,400		309,139	303,261	117,969	-	4,910,424
19	0.04462	17	229,974	382,392	612,366		309,139	303,227	117,955	-	5,028,379
20	0.04461	18	229,922	382,478	612,400		309,139	303,261	117,969	-	5,146,348
21	0.04462	19	229,974	382,392	612,366		309,139	303,227	117,955	-	5,264,303
22	0.04461	20	229,922	382,478	612,400		309,139	303,261	117,969	-	5,382,272
23	0.02231	21	114,987	382,392	497,379		309,139	188,240	73,225	-	5,455,497
24		22		191,239	191,239		309,139	(117,900)	(45,863)	-	5,409,634
25											
26			7,335,539	12,200,000	19,535,545	807,704	6,436,734				

Notes:

<sup>(1)</sup> Plant additions eligible for repairs tax deduction



Columbia Gas of Kentucky, Inc.  
Calculation of Accumulated Deferred Income Tax  
Annual Adjustment to the Accelerated Main Replacement Program

Ln. No.	MACRS 20 Year Tax Depr Rates	Year	2014 Additions	2015 Additions	Annual Tax Depreciation	Cost of Removal	Book Depreciation	Difference	Deferred Tax @ 38.9%	Accumulated Deferred Inc. Taxes-Fed NOL	Accumulated Deferred Inc. Taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1	AMRP Plant Additions <sup>(1)</sup>		36,837	-							
2	Tax 263a %		8.490%	8.490%							
3	0.03750	1	4,391	-	4,391	552	158	4,785	1,861	-	1,861
4	0.07219	2	2,434	-	2,434	-	553	1,881	732	-	2,593
5	0.06677	3	2,251	-	2,251	-	-	2,251	876	-	3,469
6	0.06177	4	2,082	-	2,082	-	-	2,082	810	-	4,279
7	0.05713	5	1,926	-	1,926	-	-	1,926	749	-	5,028
8	0.05285	6	1,782	-	1,782	-	-	1,782	693	-	5,721
9	0.04888	7	1,648	-	1,648	-	-	1,648	641	-	6,362
10	0.04522	8	1,524	-	1,524	-	-	1,524	593	-	6,955
11	0.04462	9	1,504	-	1,504	-	-	1,504	585	-	7,540
12	0.04461	10	1,504	-	1,504	-	-	1,504	585	-	8,125
13	0.04462	11	1,504	-	1,504	-	-	1,504	585	-	8,710
14	0.04461	12	1,504	-	1,504	-	-	1,504	585	-	9,295
15	0.04462	13	1,504	-	1,504	-	-	1,504	585	-	9,880
16	0.04461	14	1,504	-	1,504	-	-	1,504	585	-	10,465
17	0.04462	15	1,504	-	1,504	-	-	1,504	585	-	11,050
18	0.04461	16	1,504	-	1,504	-	-	1,504	585	-	11,635
19	0.04462	17	1,504	-	1,504	-	-	1,504	585	-	12,220
20	0.04461	18	1,504	-	1,504	-	-	1,504	585	-	12,805
21	0.04462	19	1,504	-	1,504	-	-	1,504	585	-	13,390
22	0.04461	20	1,504	-	1,504	-	-	1,504	585	-	13,975
23	0.02231	21	752	-	752	-	-	752	293	-	14,268
24		22		-		-	-			-	14,268
25											
26			36,838	-	36,838	552	711				

Notes:

(1) Plant additions not eligible for repairs tax deduction

Columbia Gas of Kentucky, Inc.  
 Annual Adjustment to the Accelerated Main Replacement Program  
 Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/14 AMRP Investment Summary

Line No.	Month	Number of Months	AMRP CapEx	13 Mo. Avg <sup>(1)</sup>	Difference <sup>(2)</sup>	Retirements	13 Mo. Avg <sup>(1)</sup>	Retirement Difference <sup>(2)</sup>	Cost of Removal	13 Mo. Avg <sup>(1)</sup>	COR Difference <sup>(2)</sup>	Depreciation Expense <sup>(3)</sup>
(A)	(B)	(C)	(D) = (B/13)*(C)	(E) = (C)-(D)	(F)	(G) = (B/13)*(F)	(H) = (F-G)	(I)	(J) = (B/13)*(I)	(K) = (I-J)	(L)	
1	Jan-14	12	492,827	454,917	37,910	(32,304)	(29,819)	(2,485)	22,826	21,070	1,756	28
2	Feb-14	11	85,226	72,114	13,112	(195,370)	(165,313)	(30,057)	55,765	47,185	8,579	47
3	Mar-14	10	830,545	638,881	191,664	(216,727)	(166,713)	(50,014)	42,468	32,667	9,800	159
4	Apr-14	9	1,698,093	1,175,603	522,490	(127,531)	(88,291)	(39,240)	40,372	27,950	12,422	640
5	May-14	8	1,296,005	797,541	498,463	(265,257)	(163,235)	(102,022)	37,572	23,121	14,451	1,300
6	Jun-14	7	1,172,188	631,178	541,010	(81,038)	(43,636)	(37,402)	52,028	28,015	24,013	2,030
7	Jul-14	6	1,094,876	505,327	589,548	(248,737)	(114,802)	(133,935)	54,646	25,221	29,425	2,828
8	Aug-14	5	1,335,958	513,830	822,128	(575,794)	(221,459)	(354,335)	36,614	14,082	22,532	3,739
9	Sep-14	4	3,454,770	1,063,006	2,391,764	(666,357)	(205,033)	(461,324)	168,611	51,880	116,731	5,789
10	Oct-14	3	1,399,020	322,851	1,076,169	(269,844)	(62,272)	(207,572)	67,988	15,690	52,299	7,975
11	Nov-14	2	393,926	60,604	333,322	(75,981)	(11,689)	(64,291)	19,037	2,929	16,108	8,863
12	Dec-14	1	384,365	29,567	354,798	(74,136)	(5,703)	(68,434)	18,651	1,435	17,216	9,297
13			13,637,798	6,265,419	7,372,378	(2,829,075)	(1,277,964)	(1,551,111)	616,577	291,246	325,331	42,695

Notes:

- (1) Recovered through base rates in Case No. 2013-00167
- (2) AMRP spend not recovered through base rates and eligible for recovery through 2015 AMRP
- (3) Year-to-date net depreciable plant multiplied by applicable depreciation rate

**Columbia Gas of Kentucky, Inc.**  
**Annual Adjustment to the Accelerated Main Replacement Program**  
**Development of AMRP Plant Excluded From Base Rates**

**Test Year 12/31/14 AMRP - Mains Gas Plant Account 376**

Line No.	Month	Number of Months	AMRP CapEx	13 Mo. Avg <sup>(1)</sup>	Difference <sup>(2)</sup>	Retirements	13 Mo. Avg <sup>(1)</sup>	Retirement Difference <sup>(2)</sup>	Cost of Removal	13 Mo. Avg <sup>(1)</sup>	COR Difference <sup>(2)</sup>	Depreciation Expense <sup>(3)</sup>
(A)	(B)	(C)	(D) = (B/13)*(C)	(E) = (C)-(D)	(F)	(G) = (B/13)*(F)	(H) = (F-G)	(I)	(J) = (B/13)*(I)	(K) = (I-J)	(L)	
1	Jan-14	12	342,402	316,063	26,339	(25,879)	(23,888)	(1,991)	6,520	6,019	502	16
2	Feb-14	11	(68,138)	(57,655)	(10,483)	(84,766)	(71,725)	(13,041)	24,320	20,578	3,742	16
3	Mar-14	10	331,579	255,061	76,518	(4,871)	(3,747)	(1,124)	2,917	2,243	673	50
4	Apr-14	9	1,236,142	855,791	380,351	(438)	(303)	(135)	1,755	1,215	540	348
5	May-14	8	929,627	572,078	357,549	(149,318)	(91,888)	(57,430)	4,280	2,634	1,646	793
6	Jun-14	7	587,542	316,369	271,173	(13,930)	(7,501)	(6,429)	8,323	4,481	3,841	1,163
7	Jul-14	6	670,165	309,307	360,858	(130,397)	(60,183)	(70,214)	10,186	4,701	5,485	1,526
8	Aug-14	5	304,165	116,987	187,179	(452,976)	(174,222)	(278,754)	10,791	4,150	6,641	1,657
9	Sep-14	4	2,423,456	745,679	1,677,777	(467,437)	(143,827)	(323,610)	70,116	21,574	48,542	2,482
10	Oct-14	3	977,200	225,508	751,692	(188,483)	(43,496)	(144,987)	28,272	6,524	21,748	3,765
11	Nov-14	2	273,616	42,095	231,521	(52,775)	(8,119)	(44,656)	7,916	1,218	6,698	4,284
12	Dec-14	1	268,528	20,656	247,872	(51,794)	(3,984)	(47,810)	7,769	598	7,171	4,537
13			8,276,283	3,717,936	4,558,347	(1,623,064)	(632,883)	(990,181)	183,165	75,937	107,229	20,640

**Test Year 12/31/14 AMRP - Services Gas Plant Account 380**

Line No.	Month	Number of Months	AMRP CapEx	13 Mo. Avg <sup>(1)</sup>	Difference <sup>(2)</sup>	Retirements	13 Mo. Avg <sup>(1)</sup>	Retirement Difference <sup>(2)</sup>	Cost of Removal	13 Mo. Avg <sup>(1)</sup>	COR Difference <sup>(2)</sup>	Depreciation Expense <sup>(3)</sup>
(A)	(B)	(C)	(D) = (B/13)*(C)	(E) = (C)-(D)	(F)	(G) = (B/13)*(F)	(H) = (F-G)	(I)	(J) = (B/13)*(I)	(K) = (I-J)	(L)	
1	Jan-14	12	141,339	130,467	10,872	(4,559)	(4,208)	(351)	16,306	15,051	1,254	11
2	Feb-14	11	147,438	124,756	22,683	(109,170)	(92,375)	(16,795)	31,445	26,607	4,838	29
3	Mar-14	10	495,664	381,280	114,384	(209,821)	(161,401)	(48,420)	37,718	29,014	8,704	107
4	Apr-14	9	461,046	319,186	141,860	(125,188)	(86,669)	(38,519)	38,617	26,735	11,882	289
5	May-14	8	361,258	222,313	138,945	(112,501)	(69,231)	(43,269)	33,292	20,487	12,805	504
6	Jun-14	7	580,728	312,700	268,028	(65,291)	(35,157)	(30,134)	43,426	23,383	20,043	864
7	Jul-14	6	420,708	194,173	226,535	(115,942)	(53,512)	(62,430)	44,460	20,520	23,940	1,298
8	Aug-14	5	1,021,007	392,695	628,312	(120,311)	(46,274)	(74,038)	25,823	9,932	15,891	2,073
9	Sep-14	4	1,021,314	314,250	707,063	(196,991)	(60,613)	(136,379)	98,496	30,306	68,189	3,287
10	Oct-14	3	411,820	95,035	316,785	(79,432)	(18,330)	(61,102)	39,716	9,165	30,551	4,179
11	Nov-14	2	115,310	17,740	97,570	(22,241)	(3,422)	(18,819)	11,120	1,711	9,410	4,540
12	Dec-14	1	112,837	8,680	104,157	(21,764)	(1,674)	(20,090)	10,882	837	10,045	4,716
13			5,290,469	2,513,274	2,777,195	(1,183,212)	(632,865)	(550,347)	431,300	213,749	217,551	21,897

Notes:

<sup>(1)</sup> Recovered through base rates in Case No. 2013-00167

<sup>(2)</sup> AMRP spend not recovered through base rates and eligible for recovery through 2015 AMRP

<sup>(3)</sup> Year-to-date net depreciable plant multiplied by applicable depreciation rate

Columbia Gas of Kentucky, Inc.  
Annual Adjustment to the Accelerated Main Replacement Program  
Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/14 AMRP - Plant Regulators Plant Account 378

Line No.	Month	Number of Months (B)	AMRP CapEx (C)	13 Mo. Avg (1) (D) = (B/13)*(C)	Difference (2) (E) = (C)-(D)	Retirements (F)	13 Mo. Avg (1) (G) = (B/13)*(F)	Retirement Difference (2) (H) = (F-G)	Cost of Removal (I)	13 Mo. Avg (1) (J) = (B/13)*(I)	COR Difference (2) (K) = (I-J)	Depreciation Expense (3) (L)
1	Jan-14	12	-	-	-	-	-	-	-	-	-	-
2	Feb-14	11	-	-	-	-	-	-	-	-	-	-
3	Mar-14	10	-	-	-	-	-	-	1,833	1,410	423	-
4	Apr-14	9	-	-	-	-	-	-	-	-	-	-
5	May-14	8	-	-	-	-	-	-	-	-	-	-
6	Jun-14	7	-	-	-	-	-	-	279	150	129	-
7	Jul-14	6	-	-	-	-	-	-	-	-	-	-
8	Aug-14	5	-	-	-	-	-	-	-	-	-	-
9	Sep-14	4	-	-	-	-	-	-	-	-	-	-
10	Oct-14	3	-	-	-	-	-	-	-	-	-	-
11	Nov-14	2	-	-	-	-	-	-	-	-	-	-
12	Dec-14	1	-	-	-	-	-	-	-	-	-	-
13			-	-	-	-	-	-	2,112	1,560	552	-

Test Year 12/31/14 AMRP - Meter Installations Plant Account 382

Line No.	Month	Number of Months (B)	AMRP CapEx (C)	13 Mo. Avg (1) (D) = (B/13)*(C)	Difference (2) (E) = (C)-(D)	Retirements (F)	13 Mo. Avg (1) (G) = (B/13)*(F)	Retirement Difference (2) (H) = (F-G)	Cost of Removal (I)	13 Mo. Avg (1) (J) = (B/13)*(I)	COR Difference (2) (K) = (I-J)	Depreciation Expense (3) (L)
1	Jan-14	12	2,558	2,361	197	(1,611)	(1,487)	(124)	-	-	-	0
2	Feb-14	11	4,849	4,103	746	(1,257)	(1,064)	(193)	-	-	-	1
3	Mar-14	10	2,245	1,727	518	(1,876)	(1,443)	(433)	-	-	-	1
4	Apr-14	9	1,754	1,214	540	(1,717)	(1,188)	(528)	-	-	-	1
5	May-14	8	1,284	790	494	(3,085)	(1,898)	(1,186)	-	-	-	1
6	Jun-14	7	1,505	810	694	(1,570)	(846)	(725)	-	-	-	0
7	Jul-14	6	2,985	1,378	1,607	(1,955)	(902)	(1,053)	-	-	-	1
8	Aug-14	5	9,801	3,770	6,031	(2,267)	(872)	(1,395)	-	-	-	6
9	Sep-14	4	8,000	2,462	5,538	(1,543)	(475)	(1,068)	-	-	-	15
10	Oct-14	3	8,000	1,846	6,154	(1,543)	(356)	(1,187)	-	-	-	24
11	Nov-14	2	4,000	615	3,385	(772)	(119)	(653)	-	-	-	32
12	Dec-14	1	2,000	154	1,846	(386)	(30)	(356)	-	-	-	36
13			48,981	21,230	27,751	(19,582)	(10,680)	(8,902)	-	-	-	117

Notes:

(1) Recovered through base rates in Case No. 2013-00167

(2) AMRP spend not recovered through base rates and eligible for recovery through 2015 AMRP

(3) Year-to-date net depreciable plant multiplied by applicable depreciation rate

Columbia Gas of Kentucky, Inc.  
 Annual Adjustment to the Accelerated Main Replacement Program  
 Development of AMRP Plant Excluded From Base Rates

Test Year 12/31/14 AMRP - House Regulators Plant Account 383

Line No.	Month	Number of Months	AMRP CapEx	13 Mo. Avg <sup>(1)</sup>	Difference <sup>(2)</sup>	Retirements	13 Mo. Avg <sup>(1)</sup>	Retirement Difference <sup>(2)</sup>	Cost of Removal	13 Mo. Avg <sup>(1)</sup>	COR Difference <sup>(2)</sup>	Depreciation Expense <sup>(3)</sup>
(A)	(B)	(C)	(D) = (B/13)*(C)	(E) = (C)-(D)	(F)	(G) = (B/13)*(F)	(H) = (F-G)	(I)	(J) = (B/13)*(I)	(K) = (I-J)	(L)	
1	Jan-14	12	6,528	6,025	502	(255)	(235)	(20)	-	-	-	0
2	Feb-14	11	1,077	911	166	(176)	(149)	(27)	-	-	-	1
3	Mar-14	10	1,056	812	244	(158)	(122)	(37)	-	-	-	1
4	Apr-14	9	(849)	(587)	(261)	(188)	(130)	(58)	-	-	-	1
5	May-14	8	3,836	2,360	1,475	(353)	(217)	(136)	-	-	-	1
6	Jun-14	7	2,413	1,300	1,114	(246)	(133)	(114)	-	-	-	3
7	Jul-14	6	1,018	470	548	(442)	(204)	(238)	-	-	-	3
8	Aug-14	5	985	379	606	(241)	(93)	(148)	-	-	-	4
9	Sep-14	4	2,000	615	1,385	(386)	(119)	(267)	-	-	-	5
10	Oct-14	3	2,000	462	1,538	(386)	(89)	(297)	-	-	-	6
11	Nov-14	2	1,000	154	846	(193)	(30)	(163)	-	-	-	7
12	Dec-14	1	1,000	77	923	(193)	(15)	(178)	-	-	-	8
13			22,064	12,978	9,086	(3,217)	(1,535)	(1,682)	-	-	-	41

Notes:

<sup>(1)</sup> Recovered through base rates in Case No. 2013-00167

<sup>(2)</sup> AMRP spend not recovered through base rates and eligible for recovery through 2015 AMRP

<sup>(3)</sup> Year-to-date net depreciable plant multiplied by applicable depreciation rate

Columbia Gas of Kentucky, Inc.  
Annual Adjustment to the Accelerated Main Replacement Program  
Calculation of O&M Savings

	<u>FERC Account 887</u>
Projected 2015 O&M Account 887 Costs	(\$) 1,548,996
2014 O&M Account 887 as accepted in Case No. 2013-00167	<u>1,548,996</u>
Projected O&M Savings	-

Columbia Gas of Kentucky  
 AMRP Rider Billing Determinants by Rate Schedule  
 For the Twelve Months Ending December 31, 2015

Form 4.0

<u>Rate Schedule</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
GSR - Residential	95,778	95,832	95,692	95,214	94,662	93,927	93,255	93,000	92,937	93,311	94,386	95,205	1,133,199
SVGTS - Residential	24,942	24,957	24,920	24,795	24,652	24,461	24,285	24,219	24,203	24,300	24,580	24,793	295,107
GSO - Commercial or Industrial	9,944	9,957	9,942	9,883	9,824	9,762	9,707	9,675	9,645	9,682	9,782	9,887	117,690
GDS - Commercial or Industrial	33	33	33	33	33	33	33	33	33	33	33	33	396
SVGTS - Commercial or Industrial	4,170	4,149	4,134	4,102	4,066	4,325	4,298	4,283	4,255	4,247	4,233	4,214	50,476
IUS, IUUS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	66	66	66	66	66	66	66	66	66	66	66	66	792
SAS	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	134,935	134,996	134,789	134,095	133,305	132,576	131,646	131,278	131,141	131,641	133,082	134,200	1,597,684

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**AMRP RIDER  
ACCELERATED MAIN REPLACEMENT PROGRAM RIDER**

**APPLICABILITY**

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

**CALCULATION OF ACCELERATED MAIN REPLACEMENT RIDER REVENUE REQUIREMENT**

The AMRP Rider Revenue Requirement includes the following:

- a. AMRP-related Plant In-Service not included in base gas rates minus the associated AMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to AMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the AMRP = related Plant In-Service less retirement and removals;
- e. Property taxes related to the AMRP; and
- f. Reduction for savings in Account No. 887 – Maintenance of Mains.

**ACCELERATED MAIN REPLACEMENT PROGRAM FACTORS**

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the accelerated main replacement program.

Rider AMRP will be updated annually in order to reflect the expected impact on the Company's revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. The allocation of the program costs shall be based on the revenue distribution approved by the Commission. Company will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

The charges for the respective gas service schedules for the revenue month beginning January 2015<sup>1/</sup> per billing period are:

Rate GSR, Rate SVGTS - Residential Service	\$ 1.130.00	
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ 4.020.00	
Rate IUS, Rate IUDS	\$ 38.630.00	
Rate IS, Rate DS <sup>1/</sup> , Rate SAS	\$ 229.150.00	

<sup>1/</sup> - Excluding customers subject to Flex Provisions of Rate Schedule DS

DATE OF ISSUE            ~~October 15, 2014~~ December 27, 2013

DATE EFFECTIVE        December ~~31~~<sup>29</sup>, 2013

ISSUED BY                *Herbert A. Miller, Jr.*  
TITLE                        President

Issued pursuant to an order of the Public Service Commission in Case No. 2013-00167 dated December 13, 2013.

**AMRP RIDER  
ACCELERATED MAIN REPLACEMENT PROGRAM RIDER**

**APPLICABILITY**

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

**CALCULATION OF ACCELERATED MAIN REPLACEMENT RIDER REVENUE REQUIREMENT**

The AMRP Rider Revenue Requirement includes the following:

- a. AMRP-related Plant In-Service not included in base gas rates minus the associated AMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to AMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the AMRP = related Plant In-Service less retirement and removals;
- e. Property taxes related to the AMRP; and
- f. Reduction for savings in Account No. 887 – Maintenance of Mains.

**ACCELERATED MAIN REPLACEMENT PROGRAM FACTORS**

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the accelerated main replacement program.

Rider AMRP will be updated annually in order to reflect the expected impact on the Company's revenue requirements of forecasted net plant additions and subsequently adjusted to true up the actual costs with the projected costs. A filing to update the projected costs for the upcoming calendar year will be submitted annually by October 15 to become effective with meter readings on and after the first billing cycle of January. The allocation of the program costs shall be based on the revenue distribution approved by the Commission. Company will submit a balancing adjustment annually by March 31 to true-up the actual costs, as offset by operations and maintenance expense reductions, during the most recent twelve months ended December with the projected program costs for the same period. The balancing adjustment true-up to the rider will become effective with meter readings on and after the first billing cycle of June.

The charges for the respective gas service schedules for the revenue month beginning January 2015 per billing period are:

Rate GSR, Rate SVGTS - Residential Service	\$ 1.13	
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ 4.02	
Rate IUS, Rate IUDS	\$ 38.63	
Rate IS, Rate DS <sup>1/</sup> , Rate SAS	\$ 229.15	

<sup>1/</sup> - Excluding customers subject to Flex Provisions of Rate Schedule DS

DATE OF ISSUE            October 15, 2014

DATE EFFECTIVE        December 31, 2014

ISSUED BY                *Herbert A. Miller, Jr.*  
TITLE                        President

Issued pursuant to an order of the Public Service Commission in  
Case No.                    dated