

March 31, 2016

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

Columbia Gas<sup>®</sup>  
of Kentucky  
A NiSource Company

P.O. Box 14241  
Lexington, KY 40512-4241

RECEIVED

MAR 31 2016

PUBLIC SERVICE  
COMMISSION

**Re: Columbia Gas of Kentucky, Inc.  
Revised Tariff - 2015 Accelerated Main Replacement Program Filing Balancing  
Adjustment**

Dear Mr. Gardner:

Pursuant to the Commission's Order dated December 13, 2013 in Case No. 2013-00167, and the requirements of the Accelerated Main Replacement Program ("AMRP") Rider set forth in its tariff, Columbia Gas of Kentucky, Inc. ("Columbia") submits its revised tariff and balancing adjustment calculation. The balancing adjustment true-up is for the twelve months ended December 31, 2015. Columbia proposes to increase its current AMRP Rider to tariff customers effective May 31, 2016 (the beginning of Columbia's June 2016 billing cycle) as follows:

Rate GSR, Rate SVGTS — Residential Service	\$0.01
Rate GSO, Rate GDS, Rate SVGTS — Commercial or Industrial	\$0.02
Rate IUS, Rate IUDS	\$0.22
Rate IS, Rate DS <sup>1</sup> , Rate SAS	\$1.31

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

Please feel free to contact me at [jmcoop@nisource.com](mailto:jmcoop@nisource.com) or 859-288-0242 if there are any questions.

Sincerely,



Judy Cooper

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

Line No.	Rate Schedule (1)	Base Revenue as Approved PSC Case No. 2013-00167 (2)	Allocation Percent <sup>(1)</sup> (3)	Balancing Adjustment (4)	Billing Determinant # of Bills <sup>(2)</sup> (5)	Balancing Adjustment AMRP Rider (6)	Current AMRP Rider (7)	Total Monthly AMRP Rider <sup>(4)</sup> (8)
1	Rate GSR, Rate SVGTS - Residential Service	\$39,711,945	65.298%	\$9,420	1,436,437	\$0.01	\$2.25	\$2.26
2	Rate GSO, Rate GDS, Rate SVGTS - Com. or Ind. Service	\$16,631,655	27.347%	\$3,945	168,147	\$0.02	\$8.02	\$8.04
3	Rate IUS, Rate IUDS	\$22,731	0.037%	\$5	24	\$0.22	\$76.96	\$77.18
4	Rate IS, Rate DS <sup>(3)</sup> , Rate SAS	\$4,449,771	7.317%	\$1,056	804	\$1.31	\$449.59	\$450.90
5	TOTAL	\$60,816,101	100.000%	\$14,426	1,605,412			

## 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 May 31, 2017 bills (Form 4.1).

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

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

Line No.		Actual AMRP Investment December 31, 2015 (1)	Reference (2)
<b>Return on Investment</b>			
	<u>Rate Base</u>		
1	Net AMRP Investment-Property, Plant and Equipment	21,458,014	Form 2.0
2	Cost of Removal	1,324,679	Form 2.0
3	Accumulated Reserve for Depreciation	2,674,440	Form 2.0
4	Net PP&E	25,457,132	
5	Deferred Taxes on Liberalized Depreciation	(7,677,452)	Form 2.1
6	Net Rate Base	17,779,680	Line 4 + Line 5
7	Authorized Rate of Return, Adjusted for Income Taxes	11.38%	Form 1.3
8	Required Return on AMRP Related Investment	2,022,528	Line 6 * Line 7
<u>Operating Expenses</u>			
9	Depreciation	263,142	Form 2.0
10	Property Tax <sup>(1)</sup>	246,338	Line 1 * 1.148%
11	O&M Savings FERC Account 887	-	Form 3.0
12	PSC Assessment <sup>(2)</sup>	4,449	(Sum Line 8 to 11) * (.1754%/(1-.1754%))
13	Total Operating Expenses	513,929	Sum Lines 9 to 12
14	<b>Total 2015 Actual Annual Revenue Requirement</b>	<b>2,536,457</b>	Line 8 + Line 13
15	<b>Total 2015 Actual Revenue Recovery</b>	<b>2,522,031</b>	Form 1.2
16	<b>Balancing Adjustment - (Over)/Under Collection</b>	<b>14,426</b>	Line 14 - Line 15

Notes:

<sup>(1)</sup> Property taxes estimated using an effective rate of 1.148%.<sup>(2)</sup> PSC Assessment estimated using a rate of .1754%.

Columbia Gas of Kentucky, Inc.  
 Actual Annual Adjustment to the Accelerated Main Replacement Program ("AMRP")  
 2015 Actual AMRP Rider Revenue by Rate Schedule

Line No.	Rate Schedule (1)	Actual Billing Determinant # of Bills <sup>(1)</sup> (2)	Monthly AMRP Rider As Filed (3)	2015 Annual AMRP Revenue (4)
1	Rate GSR, Rate SVGTS - Residential Service	1,466,376	\$1.13	\$1,657,005
2	Rate GSO, Rate GDS, Rate SVGTS - Com. or Ind. Service	168,664	\$4.02	\$678,029
3	Rate IUS, Rate IUDS	24	\$38.63	\$927
4	Rate IS, Rate DS <sup>(2)</sup> , Rate SAS	<u>812</u>	\$229.15	<u>\$186,070</u>
5	TOTAL	<u><u>1,635,876</u></u>		<u><u>\$2,522,031</u></u>

## Notes:

<sup>(1)</sup> Billing Determinants based on actual twelve months ending December 31, 2015 bills (Form 4.0).

<sup>(2)</sup> Excluding customers subject to the Flex Provisions of Rate Schedule DS.

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

Line		<u>Account</u>	2014 Beginning Plant	Depr	Depr on Beginning	2015 Additions &	Current Year Depr on	2015 Ending Plant
<u>No.</u>	<u>Description</u>	<u>Number</u>	<u>Balance</u> <sup>(1)</sup>	<u>Rates</u>	<u>Balance</u>	<u>Retirements</u>	<u>Adds/(Ret)</u>	<u>Balance</u>
	(1)	(2)	(3)	(4)	(5)=(3)*(4)	(6)	(7)=(4)*(6)*50%	(8)=(6)+(3)
<b>Additions</b>								
1	Mains	376	5,157,691	1.57%	80,976	11,206,898	87,974	16,364,590
2	Plant Regulators	378	-	2.35%	-	-	-	-
3	Service Lines	380	2,789,919	2.59%	72,259	5,069,638	65,652	7,859,557
4	Meter Installations	382	69,589	2.39%	1,663	122,489	1,464	192,077
5	House Regulators	383	1,095	1.39%	15	19,901	138	20,996
6	Total Additions		8,018,293		154,913	16,418,926	155,228	24,437,219
<b>Retirements</b>								
1	Mains	376	(731,347)	1.57%	(11,482)	(390,557)	(3,066)	(1,121,903)
2	Plant Regulators	378	(15,935)	2.35%	(374)	(19,784)	(232)	(35,719)
3	Service Lines	380	(643,519)	2.59%	(16,667)	(1,106,909)	(14,334)	(1,750,428)
4	Meter Installations	382	(11,333)	2.39%	(271)	(29,832)	(356)	(41,165)
5	House Regulators	383	(1,292)	1.39%	(18)	(28,698)	(199)	(29,990)
6	Total Retirements		(1,403,425)		(28,812)	(1,575,781)	(18,187)	(2,979,206)
7	<b>Total Plant</b>		<u>6,614,869</u>		<u>126,101</u>	<u>14,843,145</u>	<u>137,041</u>	<u>21,458,014</u>
8	<b>Cost of Removal</b>							
9	Mains	376	55,599			114,789		170,389
10	Plant Regulators	378	7,700			5,664		13,364
11	Service Lines	380	397,320			743,606		1,140,926
12	Total Cost of Removal		460,619			864,060		1,324,679

Notes:

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

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

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		8,018,293	16,418,926							
2											
3	0.03750	1	5,287,154		5,287,154	460,619	41,624	5,706,150	2,219,692	659,117	2,878,809
4	0.07219	2	204,842	10,826,647	11,031,489	864,060	263,142	11,632,407	4,525,006	273,637	7,677,452
5	0.06677	3	189,463	419,436	608,899		397,538	211,361	82,220	-	7,759,672
6	0.06177	4	175,276	387,944	563,220		397,538	165,682	64,450	-	7,824,122
7	0.05713	5	162,110	358,894	521,004		397,538	123,466	48,028	-	7,872,150
8	0.05285	6	149,964	331,935	481,899		397,538	84,361	32,817	-	7,904,967
9	0.04888	7	138,700	307,067	445,767		397,538	48,229	18,761	-	7,923,728
10	0.04522	8	128,314	284,001	412,315		397,538	14,777	5,748	-	7,929,476
11	0.04462	9	126,612	262,735	389,347		397,538	(8,191)	(3,187)	-	7,926,289
12	0.04461	10	126,582	259,249	385,831		397,538	(11,707)	(4,554)	-	7,921,735
13	0.04462	11	126,612	259,192	385,804		397,538	(11,734)	(4,565)	-	7,917,170
14	0.04461	12	126,582	259,249	385,831		397,538	(11,707)	(4,554)	-	7,912,616
15	0.04462	13	126,612	259,192	385,804		397,538	(11,734)	(4,565)	-	7,908,051
16	0.04461	14	126,582	259,249	385,831		397,538	(11,707)	(4,554)	-	7,903,497
17	0.04462	15	126,612	259,192	385,804		397,538	(11,734)	(4,565)	-	7,898,932
18	0.04461	16	126,582	259,249	385,831		397,538	(11,707)	(4,554)	-	7,894,378
19	0.04462	17	126,612	259,192	385,804		397,538	(11,734)	(4,565)	-	7,889,813
20	0.04461	18	126,582	259,249	385,831		397,538	(11,707)	(4,554)	-	7,885,259
21	0.04462	19	126,612	259,192	385,804		397,538	(11,734)	(4,565)	-	7,880,694
22	0.04461	20	126,582	259,249	385,831		397,538	(11,707)	(4,554)	-	7,876,140
23	0.02231	21	63,305	259,192	322,497		397,538	(75,041)	(29,191)	-	7,846,949
24		22	-	129,624	129,624		397,538	(267,914)	(104,219)	-	7,742,730
25											
26			8,018,292	16,418,929	24,437,221	1,324,679	8,255,526				



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

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>		7,947,610	16,276,536							
2	Composite Tax Repairs & 263a %		64.701%	64.701%							
3	0.03750	1	5,247,378		5,247,378	452,919	41,431	5,658,866	2,201,299	-	2,201,299
4	0.07219	2	202,524	10,746,519	10,949,043	858,396	261,312	11,546,127	4,491,443	-	6,692,742
5	0.06677	3	187,319	414,766	602,085		397,538	204,547	79,569	-	6,772,311
6	0.06177	4	173,292	383,625	556,917		397,538	159,379	61,998	-	6,834,309
7	0.05713	5	160,275	354,898	515,173		397,538	117,635	45,760	-	6,880,069
8	0.05285	6	148,267	328,239	476,506		397,538	78,968	30,719	-	6,910,788
9	0.04888	7	137,130	303,648	440,778		397,538	43,240	16,820	-	6,927,608
10	0.04522	8	126,862	280,839	407,701		397,538	10,163	3,953	-	6,931,561
11	0.04462	9	125,179	259,810	384,989		397,538	(12,549)	(4,882)	-	6,926,679
12	0.04461	10	125,150	256,363	381,513		397,538	(16,025)	(6,234)	-	6,920,445
13	0.04462	11	125,179	256,306	381,485		397,538	(16,053)	(6,245)	-	6,914,200
14	0.04461	12	125,150	256,363	381,513		397,538	(16,025)	(6,234)	-	6,907,966
15	0.04462	13	125,179	256,306	381,485		397,538	(16,053)	(6,245)	-	6,901,721
16	0.04461	14	125,150	256,363	381,513		397,538	(16,025)	(6,234)	-	6,895,487
17	0.04462	15	125,179	256,306	381,485		397,538	(16,053)	(6,245)	-	6,889,242
18	0.04461	16	125,150	256,363	381,513		397,538	(16,025)	(6,234)	-	6,883,008
19	0.04462	17	125,179	256,306	381,485		397,538	(16,053)	(6,245)	-	6,876,763
20	0.04461	18	125,150	256,363	381,513		397,538	(16,025)	(6,234)	-	6,870,529
21	0.04462	19	125,179	256,306	381,485		397,538	(16,053)	(6,245)	-	6,864,284
22	0.04461	20	125,150	256,363	381,513		397,538	(16,025)	(6,234)	-	6,858,050
23	0.02231	21	62,589	256,306	318,895		397,538	(78,643)	(30,592)	-	6,827,458
24		22		128,181	128,181		397,538	(269,357)	(104,780)	-	6,722,678
25											
26			7,947,608	16,276,535	24,224,149	1,311,315	8,253,503				

Notes:

(1) Plant additions eligible for repairs tax deduction.

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

Ln. No.	MACRS 20 Year Tax Depr Rates (1)	Year (2)	2014 Additions (3) (\$)	2015 Additions (4) (\$)	Annual Tax Depreciation (5) (\$)	Cost of Removal (6) (\$)	Book Depreciation (7) (\$)	Difference (8) (\$)	Deferred Tax @ 38.9% (9) (\$)	Accumulated Deferred Inc. Taxes-Fed NOL (10) (\$)	Accumulated Deferred Inc. Taxes (11) (\$)
1	AMRP Plant Additions <sup>(1)</sup>		70,683	142,390							
2	Tax 263a %		54.570%	54.570%							
3	0.03750	1	39,776		39,776	7,700	193	47,283	18,393	-	18,393
4	0.07219	2	2,318	80,128	82,446	5,664	1,830	86,280	33,563	-	51,956
5	0.06677	3	2,144	4,670	6,814		-	6,814	2,651	-	54,607
6	0.06177	4	1,984	4,319	6,303		-	6,303	2,452	-	57,059
7	0.05713	5	1,835	3,996	5,831		-	5,831	2,268	-	59,327
8	0.05285	6	1,697	3,696	5,393		-	5,393	2,098	-	61,425
9	0.04888	7	1,570	3,419	4,989		-	4,989	1,941	-	63,366
10	0.04522	8	1,452	3,162	4,614		-	4,614	1,795	-	65,161
11	0.04462	9	1,433	2,925	4,358		-	4,358	1,695	-	66,856
12	0.04461	10	1,432	2,886	4,318		-	4,318	1,680	-	68,536
13	0.04462	11	1,433	2,886	4,319		-	4,319	1,680	-	70,216
14	0.04461	12	1,432	2,886	4,318		-	4,318	1,680	-	71,896
15	0.04462	13	1,433	2,886	4,319		-	4,319	1,680	-	73,576
16	0.04461	14	1,432	2,886	4,318		-	4,318	1,680	-	75,256
17	0.04462	15	1,433	2,886	4,319		-	4,319	1,680	-	76,936
18	0.04461	16	1,432	2,886	4,318		-	4,318	1,680	-	78,616
19	0.04462	17	1,433	2,886	4,319		-	4,319	1,680	-	80,296
20	0.04461	18	1,432	2,886	4,318		-	4,318	1,680	-	81,976
21	0.04462	19	1,433	2,886	4,319		-	4,319	1,680	-	83,656
22	0.04461	20	1,432	2,886	4,318		-	4,318	1,680	-	85,336
23	0.02231	21	716	2,886	3,602		-	3,602	1,401	-	86,737
24		22		1,443	1,443		-	1,443	561	-	87,298
25											
26			70,682	142,390	213,072	13,364	2,023				

Notes:

<sup>(1)</sup> Plant additions not eligible for repairs tax deduction.

**Columbia Gas of Kentucky, Inc.**  
**Actual 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
	(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) = (E+H)*Rate
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	1,165,570	627,614	537,955	(100,822)	(54,289)	(46,533)	52,028	28,015	24,013	2,019
7	Jul-14	6	1,094,876	505,327	589,548	(248,737)	(114,802)	(133,935)	54,646	25,221	29,425	2,806
8	Aug-14	5	1,335,958	513,830	822,128	(575,794)	(221,459)	(354,335)	36,614	14,082	22,532	3,717
9	Sep-14	4	1,382,147	425,276	956,871	(184,920)	(56,898)	(128,021)	45,192	13,905	31,287	4,936
10	Oct-14	3	1,170,621	270,143	900,478	(92,122)	(21,259)	(70,863)	65,182	15,042	50,140	6,357
11	Nov-14	2	3,488,058	536,624	2,951,433	(227,583)	(35,013)	(192,570)	83,949	12,915	71,034	8,956
12	Dec-14	1	(4,073)	(313)	(3,760)	(274,462)	(21,112)	(253,349)	200,613	15,432	185,181	10,659
13			14,035,851	6,017,558	8,018,293	(2,541,627)	(1,138,202)	(1,403,425)	737,226	276,607	460,619	41,624

**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.

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

Form 2.2  
Page 2 of 4

**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
	(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) = (E+H)*Rate
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	580,923	312,805	268,119	(13,930)	(7,501)	(6,429)	8,323	4,481	3,841	1,161
7	Jul-14	6	670,165	309,307	360,858	(130,397)	(60,183)	(70,214)	10,186	4,701	5,485	1,522
8	Aug-14	5	304,165	116,987	187,179	(452,976)	(174,222)	(278,754)	10,791	4,150	6,641	1,653
9	Sep-14	4	787,253	242,232	545,021	(44,029)	(13,547)	(30,481)	16,796	5,168	11,628	1,929
10	Oct-14	3	460,091	106,175	353,916	(5,093)	(1,175)	(3,917)	(540)	(125)	(415)	2,495
11	Nov-14	2	3,213,258	494,347	2,718,910	(92,044)	(14,161)	(77,884)	8,771	1,349	7,421	4,451
12	Dec-14	1	(115,468)	(8,882)	(106,586)	(205,775)	(15,829)	(189,946)	15,054	1,158	13,896	5,985
13			8,671,998	3,514,307	5,157,691	(1,209,516)	(478,169)	(731,347)	109,173	53,573	55,599	20,421

**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
	(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) = (E+H)*Rate
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	572,893	176,275	396,618	(137,873)	(42,422)	(95,450)	28,396	8,737	19,659	2,996
10	Oct-14	3	687,028	158,545	528,483	(85,135)	(19,646)	(65,488)	65,722	15,167	50,556	3,821
11	Nov-14	2	251,377	38,673	212,704	(130,947)	(20,146)	(110,801)	68,822	10,588	58,234	4,431
12	Dec-14	1	108,868	8,374	100,494	(62,640)	(4,818)	(57,821)	183,641	14,126	169,515	4,587
13			5,249,355	2,459,436	2,789,919	(1,279,378)	(635,859)	(643,519)	617,668	220,348	397,320	21,010

- 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.

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

Form 2.2  
Page 3 of 4

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

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
	(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) = (E+H)*Rate
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	-	-	-	(19,784)	(10,653)	(9,131)	279	150	129	(9)
7	Jul-14	6	-	-	-	-	-	-	-	-	-	(18)
8	Aug-14	5	-	-	-	-	-	-	-	-	-	(18)
9	Sep-14	4	-	-	-	(1,084)	(334)	(751)	-	-	-	(19)
10	Oct-14	3	-	-	-	-	-	-	-	-	-	(19)
11	Nov-14	2	-	-	-	(2,381)	(366)	(2,015)	6,356	978	5,378	(21)
12	Dec-14	1	-	-	-	(4,375)	(337)	(4,039)	1,918	148	1,770	(27)
13			-	-	-	(27,624)	(11,689)	(15,935)	10,386	2,686	7,700	(131)

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

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
	(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) = (E+H)*Rate
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	25,789	7,935	17,854	(1,800)	(554)	(1,246)	-	-	-	27
10	Oct-14	3	22,914	5,288	17,626	(1,721)	(397)	(1,324)	-	-	-	60
11	Nov-14	2	22,447	3,453	18,994	(2,019)	(311)	(1,708)	-	-	-	93
12	Dec-14	1	4,645	357	4,287	(1,535)	(118)	(1,417)	-	-	-	113
13			102,776	33,187	69,589	(22,413)	(11,081)	(11,333)	-	-	-	303

- 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.

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

Form 2.2.  
Page 4 of 4

**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
	(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) = (E+H)*Rate
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	(3,788)	(1,166)	(2,622)	(134)	(41)	(93)	-	-	-	3
10	Oct-14	3	588	136	453	(173)	(40)	(133)	-	-	-	1
11	Nov-14	2	976	150	826	(192)	(30)	(163)	-	-	-	2
12	Dec-14	1	(2,118)	(163)	(1,955)	(137)	(11)	(126)	-	-	-	1
13			11,722	10,628	1,095	(2,696)	(1,404)	(1,292)	-	-	-	21

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.

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

	<u>FERC Account 887</u>
	<u>(\$)</u>
Actual 2015 O&M Account 887 Costs	2,261,646
2014 O&M Account 887 as accepted in Case No. 2013-00167	<u>1,548,996</u>
Actual O&M Savings	-

Columbia Gas of Kentucky  
 AMRP Rider Billing Determinants by Rate Schedule  
 Actual Bills 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 & SVGTS (Res)	122,580	123,161	123,393	123,197	122,339	121,595	121,065	121,429	120,299	120,154	121,296	125,868	1,466,376
GSO, GDS, SVGTS (Comm or Ind)	14,230	14,240	14,293	14,217	14,101	13,936	13,903	13,867	13,794	13,803	13,917	14,363	168,664
IUS & IUDS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS, SAS	67	67	67	67	67	67	66	66	67	67	67	77	812
Total	136,879	137,470	137,755	137,483	136,509	135,600	135,036	135,364	134,162	134,026	135,282	140,310	1,635,876



Columbia Gas of Kentucky  
 AMRP Rider Billing Determinants by Rate Schedule  
 Projected Bills For the Twelve Months Ending May 31, 2017

Form 4.1

<u>Rate Schedule</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Total</u>
GSR - Residential	95,770	95,173	94,914	94,853	95,203	96,344	97,273	97,700	97,840	97,768	97,199	96,613	1,156,650
SVGTS - Residential	23,166	23,022	22,960	22,945	23,029	23,305	23,530	23,633	23,667	23,649	23,511	23,370	279,787
GSO - Commercial or Industrial	9,757	9,756	9,722	9,705	9,720	9,835	9,948	10,016	10,034	10,023	9,967	9,899	118,382
GDS - Commercial or Industrial	29	29	29	29	29	29	29	29	29	29	29	29	348
SVGTS - Commercial or Industrial	4,199	4,184	4,173	4,159	4,153	4,130	4,113	4,091	4,081	4,065	4,043	4,026	49,417
IUS, IUDS	2	2	2	2	2	2	2	2	2	2	2	2	24
IS, DS	67	67	67	67	67	67	67	67	67	67	67	67	804
SAS	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	132,990	132,233	131,867	131,760	132,203	133,712	134,962	135,538	135,720	135,603	134,818	134,006	1,605,412

**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 June 2016 per billing period are:

Rate GSR, Rate SVGTS - Residential Service	\$ 2.26	
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ 8.04	
Rate IUS, Rate IUDS	\$ 77.18	
Rate IS, Rate DS <sup>1/</sup> , Rate SAS	\$ 450.90	

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

DATE OF ISSUE      March 31, 2016

DATE EFFECTIVE    May 31, 2016

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

**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~~-June 2016 per billing period are:

Rate GSR, Rate SVGTS - Residential Service	\$ 2.265	
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ 8.042	
Rate IUS, Rate IUDS	\$ 77.186-96	
Rate IS, Rate DS <sup>1/</sup> , Rate SAS	\$ 450.9049-59	

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

DATE OF ISSUE	March <del>31</del> <u>10</u> , 2016
DATE EFFECTIVE	<del>December</del> <u>May</u> 31, 201 <u>6</u> <u>5</u>
ISSUED BY	<del>/s/ Herbert A. Miller, Jr.</del>
TITLE	President

~~Issued pursuant to an Order of the Kentucky Public Service  
Commission in Case No. 2015-00342 dated February 10, 2016~~