

March 6, 2007

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED

MAR 06 2007

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Case No. 2007-00100

Please find attached an original and four copies of Columbia's Fifth Revised Tariff Sheet No. 52 reflecting the revised franchise fee applicable to customers within the political boundaries of the City of Winchester, Kentucky. The franchise fee is pursuant to Ordinance No. 2-2007, a copy of which is also attached.

Columbia respectfully requests that the Commission grant a deviation from the required 30-day notice period to allow its revised tariff to be effective on 24 days notice. Columbia received notification of the City of Winchester's acceptance of its bid on February 22, 2007 and is in the process of executing the franchise agreement. Pursuant to the terms of Ordinance No. 18-2006 establishing the natural gas franchise and procedures for its terms, specifications, restrictions and obligations, Columbia shall file its revised tariff application with the Commission within ten (10) working days of acceptance of its bid by the City. A copy of the executed franchise will be provided as soon as it is available. For good cause shown, Columbia requests an effective date of March 30, 2007.

Columbia notes that the Third Revised Sheet No. 52 included the addition of a franchise fee applicable to customers within the City of Greenup, Kentucky. This franchise was certificated in Case No. 2002-00266. The franchise remains in effect but was inadvertently omitted on Fourth Revised Sheet No. 52, thus it appears as new text on Fifth Revised Sheet No. 52.

If you have any questions or need additional information, do not hesitate to call me at (859) 288-0242. Thank you.

Sincerely,


Judy Cooper
Director, Regulatory Policy

Attachments

COLUMBIA GAS OF KENTUCKY, INC.

**LOCAL FRANCHISE FEE OR TAX
 APPLICABLE TO ALL RATE SCHEDULES**

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, or their similar fee and Sales tax now or hereafter imposed upon Company by state and local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of Company. Such amount shall be added exclusively to bills of Customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the fees or taxes applicable to each Customer shall be added to the Customer's bill as a separately identified item.

In the event all or any part of such tax liability is not finally determined, or if reimbursement from Customers has been deficient, then the amount of such reimbursement required in respect of such tax liability not finally determined or deficient shall, when possible, be set forth for all months in any calendar year(s) in a statement to be rendered by Company to Customer by April 1, of the year following the year of final determination and Customer shall pay the amount due pursuant to such statement on or before May 1, of such following year.

Customers receiving service in the following municipalities or political subdivisions shall pay a local franchise fee or tax based on the following effective rates:

<u>Municipality or Political Subdivision</u>	<u>Local Franchise Fee or Tax Percent</u>
Lexington-Fayette Urban County Government	3.16%
City of Irvine - Kentucky	2%
City of Ravenna - Kentucky	2%
City of Winchester - Kentucky	3%
City of Greenup - Kentucky	2%
City of Ashland, Kentucky	3%

Exemption:

Those volumes delivered under the Delivery Service (DS) Rate Schedule, Main Line Delivery Service (MLDS) and Special Agency Service (SAS) are exempt from the above-mentioned taxes in the Cities of Irvine, Ravenna, Winchester, and Greenup.

DATE OF ISSUE: March 6, 2007

DATE OF EFFECTIVE: March 30, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**LOCAL FRANCHISE FEE OR TAX
 APPLICABLE TO ALL RATE SCHEDULES**

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Customers receiving service in the following municipalities or political subdivisions shall pay a local franchise fee or tax based on the following effective rates:

<u>Municipality or Political Subdivision</u>	<u>Local Franchise Fee or Tax Percent</u>
Lexington-Fayette Urban County Government	3.16%
City of Irvine - Kentucky	2%
City of Ravenna - Kentucky	2%
City of Winchester - Kentucky	<u>2.3%</u>
<u>City of Greenup - Kentucky</u>	<u>2%</u>
City of Ashland, Kentucky	3%

Exemption:

Those volumes delivered under the Delivery Service (DS) Rate Schedule, Main Line Delivery Service (MLDS) and Special Agency Service (SAS) are exempt from the above-mentioned taxes in the Cities of Irvine, Ravenna, ~~and Winchester, and Greenup.~~

DATE OF ISSUE: ~~June 14, 2005~~ March 6, 2007

DATE OF EFFECTIVE: ~~July 4, 2005~~ March 30, 2007

Issued by: ~~Joseph W. Kelly~~ Herbert A. Miller, Jr.

President

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CITY OF WINCHESTER, KENTUCKY
ORDINANCE NO. 22007

SUMMARY

**AN ORDINANCE AWARDING A TEN (10) YEAR GAS
DISTRIBUTION FRANCHISE TO COLUMBIA GAS OF
KENTUCKY FOR THE OPERATION OF A NATURAL AND
ARTIFICIAL GAS WITHIN THE CONFINES OF THE CITY OF
WINCHESTER, KENTUCKY BASED UPON AND SUBJECT TO
THE CONDITIONS OF ORDINANCE NO. 18-2006**

I hereby certify that the foregoing is an accurate summary of
the contents of the above-entitled Ordinance.



William A. Dykeman
City Attorney

CITY OF WINCHESTER, KENTUCKY
ORDINANCE NO. 2-2007

**AN ORDINANCE AWARDDING A TEN (10) YEAR GAS DISTRIBUTION
FRANCHISE TO COLUMBIA GAS OF KENTUCKY FOR THE
OPERATION OF A NATURAL AND ARTIFICIAL GAS WITHIN THE
CONFINES OF THE CITY OF WINCHESTER, KENTUCKY BASED UPON
AND SUBJECT TO THE CONDITIONS OF ORDINANCE NO. 18-2006**

WHEREAS, the City of Winchester by virtue of Ordinance No. 18-2006 heretofore passed on November 21, 2006 by the Commission of the City of Winchester has advertised for bids to award a franchise to acquire, lay, maintain and operate in, above, under, across and along the streets, thoroughfares, alleys, avenues, roads, highways, sidewalks, bridges, public ways and other public places (as the same now exist or may hereafter be laid out) (hereinafter "streets") of the City of Winchester, Kentucky (hereinafter "City"), a system of mains, pipes and connections, with all the necessary or desirable appurtenances, for the purpose of transporting, distributing and vending natural and artificial gas to said City and the inhabitants thereof, and persons and corporations beyond the limits thereof, and any other purpose or purposes for which natural and artificial gas is now or may hereafter be used, and for the distribution of the same within, through or across said City; and

WHEREAS, Columbia Gas of Kentucky has been granted a Certificate of Convenience and Necessity by the Commonwealth of Kentucky Public Service Commission (Case No. 2007-00047) dated February 1, 2007 that authorizes Columbia Gas of Kentucky to bid on a franchise for gas distribution services offered by the City of Winchester; and

WHEREAS, Columbia Gas of Kentucky was the sole bidder of the gas distribution franchise and has agreed to the terms as set forth in Ordinance No. 18-2006.

NOW, THEREFORE, BE IT ORDAINED BY THE WINCHESTER CITY COMMISSION THE FOLLOWING:

Section 1. That Columbia Gas of Kentucky be and is hereby awarded a ten (10) year gas distribution franchise for operation of a gas distribution system within the confines of the City of Winchester based upon and subject to the terms, specifications, restrictions and obligations set forth in Ordinance No. 18-2006.

Section 2. That the Mayor of the City of Winchester is hereby authorized and directed to execute any documents pertaining thereof, and City Staff is authorized to perform any and all acts pursuant to the implementation of the gas distribution franchise.

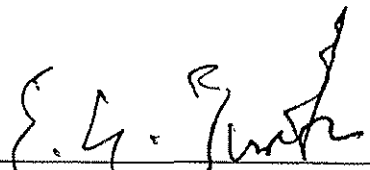
Section 3. That if any section, sentence, clause or phrase of this Ordinance is held to be unconstitutional or otherwise invalid, such infirmity shall not affect the validity of the remainder of the Ordinance.

Section 4. That this Ordinance shall be effective on the date of its passage.

Introduced and given first reading at a meeting of the Board of Commissioners of the City of Winchester, Kentucky held on February 6, 2007 and adopted, after second reading, at a meeting of said Board held on February 20, 2007.

Roll call as follows:

Mayor Ed Burtner - *yes*
Commissioner Rick Beach - *yes*
Commissioner Kenny Book - *yes*
Commissioner Shannon Cox - *yes*
Commissioner JoEllen Reed - *yes*



Ed Burtner, Mayor

ATTEST:



Marilyn Rowe, City Clerk

Reviewed by William A. Dykeman, City Attorney: January 29, 2007

Columbia Gas[®]
of Kentucky
A NiSource Company

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

Ms. Marilyn Rowe, City Clerk
City of Winchester, Kentucky
32 Wall Street
Winchester, KY 40392

February 6, 2007

HAND-DELIVERED

To Whom It May Concern:

Please find enclosed the bid of Columbia Gas of Kentucky, Inc. in response to the request for bids for a natural gas franchise as advertised in the January 23, 2007 issue of *The Winchester Sun*. If you have any questions, please contact me at (859) 288-0242 or jmcoop@nisource.com. Thank you for your assistance.

Sincerely,



Judy M. Cooper
Director, Regulatory Policy

Enclosure

BID OF COLUMBIA GAS OF KENTUCKY, INC.

To the Mayor and Board of Commissioners of the City of Winchester, Kentucky:

Upon the terms and conditions hereinafter set forth, Columbia Gas of Kentucky, Inc., ("Columbia") submits the following bid for the gas distribution franchise authorized by the City of Winchester, Kentucky ("City") in Ordinance No. 18-2006 on November 21, 2006 and advertised in *The Winchester Sun* on January 23, 2007.

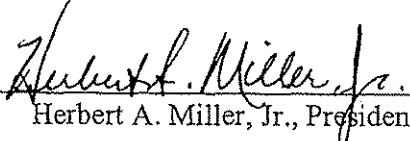
Columbia hereby accepts the terms and conditions of Ordinance No. 18-2006. In consideration of the granting of the franchise for sale and distribution of natural gas within City, Columbia agrees to pay to the City a sum equal to three percent (3%) of the gross annual revenues received from the sale of natural gas within the corporate limits of City.

Columbia represents and warrants that it has obtained a Certificate of Public Convenience and Necessity from the Kentucky Public Service Commission in Case No. 2007-00047 dated February 1, 2007, which authorizes it to bid on the subject franchise offered by the City, as required under KRS 278.020 (3).

Columbia further represents and warrants that it presently owns plant, facilities and equipment within the corporate limits of the City sufficient to render the service required by Ordinance 18-2006.

COLUMBIA GAS OF KENTUCKY, INC.

BY:


Herbert A. Miller, Jr., President

Energy Distribution Group Legal

MSource™
Corporate Services

200 Civic Center Drive
Columbus, OH 43215
(614) 460.6000
Fax: (614) 460.6986

February 5, 2007

William Dykeman, Esq.
Dyeman & Rosenthal
Attorneys at Law
31 W. Hickman Street
Winchester, KY 40391

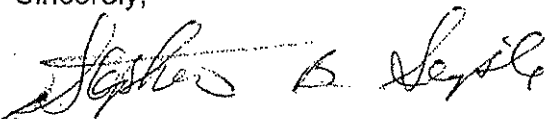
Re: Franchise Agreement with City of Winchester

Dear Mr. Dykeman:

This letter will confirm our discussion that Columbia Gas of Kentucky, Inc. has and will continue to treat the expired franchise agreement with the City of Winchester as if it were unexpired, until such time as a new franchise agreement is fully agreed and approved by the parties and by the Public Service Commission of Kentucky.

If you have any questions or comments, please do not hesitate to call.

Sincerely,



Stephen B. Seiple
Lead Counsel

Enclosure

cc: Smitty Taylor
Herb Miller
Judy Cooper

Notice of Sale of Franchise

By virtue of an ordinance heretofore passed by the Commission of the City of Winchester, Kentucky, directing the advertisement for bids and selling of a franchise to use certain of the streets, alleys and public grounds of the city of Winchester, Kentucky, for the purpose of owning, operating, equipping and maintaining a system for the transmission and distribution of natural gas. The City Clerk of the said City, will on February 6, 2007 at or about 5:00 p.m., sell at public auction to the highest bidder at the City Hall of said City, a franchise for the purpose set out. Said franchise is more particularly described and fully defined in a proposed ordinance granting and creating the same and said proposed ordinance defines the terms and conditions upon which said sale shall be made, the full text of which is available for inspection in the office of the Winchester City Clerk, Winchester, Kentucky. The ordinance by title and summary is as follows:

ORDINANCE NO. 18-2006

AN ORDINANCE CREATING A GAS DISTRIBUTION FRANCHISE,
DEFINING THE TERMS AND CONDITIONS THEREOF AND PROVIDING
FOR BID PROCEDURE

There is hereby created a franchise to acquire, lay, maintain and operate in, above, under, across and along the streets, thoroughfares, alleys, avenues, roads, highways, sidewalks, bridges, public ways and other public places (as the same now exist or may hereafter be laid out) (hereinafter "streets") of the City of Winchester, Kentucky (hereinafter "City"), a system of mains, pipes and connections, with all the necessary or desirable appurtenances, for the purpose of transporting, distributing and vending natural and artificial gas to said City and the inhabitants thereof, and persons and corporations beyond the limits thereof, and any other purpose or purposes for which natural and artificial gas is now or may hereafter be used, and for the distribution of the same within, through or across said City.

Adopted, after second reading, at a meeting of the Winchester Board of Commissioners held on November 21, 2006.

Marilyn, Rowe, City Clerk, City of Winchester

Publication Date: January 23, 2007