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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS)
OF KENTUCKY, INC.)

CASE NO. 2007-00008 ✓

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA GAS)
OF KENTUCKY, INC.)

CASE NO. 2007-00347

SUPPLEMENT TO
STIPULATION AND RECOMMENDATION

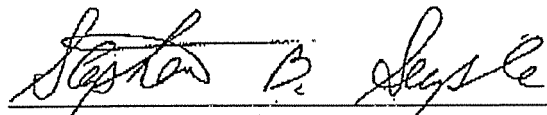
On August 10, 2007, the parties to this proceeding, namely Columbia Gas of Kentucky, Inc. ("Columbia"); the Attorney General of the Commonwealth of Kentucky; Lexington-Fayette Urban County Government; the Kentucky Industrial Utility Customers; and Interstate Gas Supply, Inc., filed a Stipulation and 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.

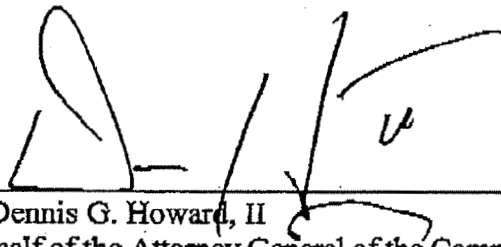
Attached hereto as Attachment D are five substitute pages for Columbia's Gas Cost Adjustment calculation in Case No. 2007-00347. The signatory parties agree that these five pages should replace those same pages previously filed on July 31, 2007.

AGREED, this 21st day of August, 2007.

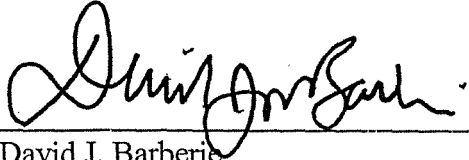


Hon. Stephen B. Seiple
Lead Counsel

On behalf of Columbia Gas of Kentucky, Inc.

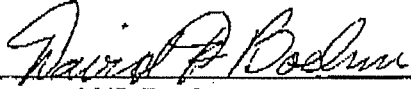
A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a vertical line and a horizontal stroke, with a small 'u' written above the vertical line.

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

A handwritten signature in black ink, appearing to read "David J. Barberie". The signature is written in a cursive style with a large initial "D".

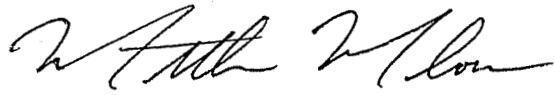
Hon. David J. Barberie

On behalf of the Lexington-Fayette Urban County Government



Hon. David F. Boehm

On behalf of the Kentucky Industrial Utility Customers

A handwritten signature in cursive script, appearing to read "Matthew Malone".

Hon. Matthew Malone

On behalf of Interstate Gas Supply, Inc.

CERTIFICATE OF SERVICE

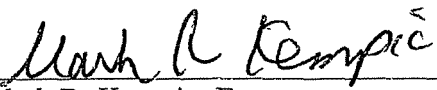
I hereby certify that a copy of the foregoing responses of Columbia Gas of Kentucky, Inc. were served via either personal hand delivery, First Class U.S. Mail postage prepaid or overnight mail on the following parties, all on this 21st day of August, 2007.

Hon. Dennis G. Howard, II
Hon. Lawrence W. Cook
Assistant Attorney General
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Utility and Rate Intervention Division
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Matthew Malone
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Hon. David J. Barberie
Hon. Leslye M. Bowman
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County Government
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200 East Main Street
Lexington, Kentucky 40507

Hon. David F. Boehm
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Cincinnati, Ohio 45202
Attorney for Kentucky Industrial Utility Customers



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

ATTACHMENT C
CORRECTED TARIFFS

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES				
<u>SALES SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment^{1/}</u>		<u>Total Billing Rate</u> \$
		<u>Demand</u> \$	<u>Commodity</u> \$	
<u>RATE SCHEDULE GSR</u>				
Customer Charge per billing period	9.30			9.30
Delivery Charge per Mcf	1.8715	1.0112	9.1820	12.0647
<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	1.0112	9.1820	12.0647
Next 350 Mcf per billing period	1.8153	1.0112	9.1820	12.0085
Next 600 Mcf per billing period	1.7296	1.0112	9.1820	11.9228
Over 1,000 Mcf per billing period	1.5802	1.0112	9.1820	11.7734
<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		9.1820 ^{2/}	9.7287
Over 30,000 Mcf per billing period	0.2905		9.1820 ^{2/}	9.4725
Firm Service Demand Charge				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		6.5814		6.5814
<u>RATE SCHEDULE IUS</u>				
Customer Charge per billing period	255.00			255.00
Delivery Charge per Mcf				
For All Volumes Delivered	0.5905	1.0112	9.1820	10.7837
<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. 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</p> <p>^{2/} IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.</p>				

DATE OF ISSUE: August 21, 2007

DATE EFFECTIVE: August 29, 2007

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		6.5814		6.5814	
Standby Service Commodity Charge per Mcf			9.1820	9.1820	
<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		0.0207		0.0207	
<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		0.0207		0.0207	
^{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.					
^{2/} Applicable to all Rate Schedule DS customers except those served under Grandfathered Delivery Service or Intrastate Utility Delivery Service.					

DATE OF ISSUE: August 21, 2007

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ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS

Billing Rate

\$

General Service Residential

Customer Charge per billing period	9.30
Delivery Charge per Mcf	1.8715

General Service Other - Commercial or Industrial

Customer Charge per billing period	23.96
Delivery Charge per Mcf -	
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
Over 1,000 Mcf per billing period	1.5802

Intrastate Utility Service

Customer Charge per billing period	255.00
Delivery Charge per Mcf	\$ 0.5905

Actual Gas Cost Adjustment ^{1/}

For all volumes per billing period per Mcf	\$ 0.9112
--	-----------

Rate Schedule SVAS

Balancing Charge -- per Mcf	\$ 0.9097
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1/ The Gas Cost Adjustment is applicable to a customer who is receiving service under Rate Schedule SVGTS and received service under Rate Schedule GS or IUS for only those months of the prior twelve months during which they were served under Rate Schedule GS or IUS.

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DATE OF ISSUE: August 21, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

ATTACHMENT D

CORRECTED GCA CALCULATION PAGES

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

Revised Stipulation

Line No.	June-07 <u>CURRENT</u>	September-07 <u>PROPOSED</u>	<u>DIFFERENCE</u>	
1	Commodity Cost of Gas	\$8.9201	\$8.2708	(\$0.6493)
2	Demand Cost of Gas	\$1.3567	\$1.3647	\$0.0080
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	\$0.0051	\$0.0051	\$0.0000
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)
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	\$6.5814	\$6.5814	\$0.0000

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

Revised Stipulation

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>	<u>Expires</u>
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
		Total Refunds	<u>(\$0.0065)</u>	
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	<u>\$0.0051</u>	
7	Gas Cost Adjustment			
8	Sept. - Nov. 07		<u>\$10.1932</u>	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO) Schedule No. 1, Sheet 4		<u>\$6.5814</u>	

DATE FILED: August 21, 2007

BY: J. M. Cooper

COLUMBIA GAS OF KENTUCKY, INC.

**STATEMENT SHOWING COMPUTATION OF
 ACTUAL GAS COST ADJUSTMENT (ACA)
 BASED ON THE TWELVE MONTHS ENDED JUNE 30, 2007**

LINE NO.	MONTH	Total Sales Volumes	Standby Service Volumes	Net Applicable Sales Volumes	Average Expected Gas Cost Rate	Gas Cost Recovery	Standby Service Recovery	Total Gas Cost Recovery	Cost of Gas Purchased	(OVER)/UNDER RECOVERY	Off System Sales (Accounting)	Capacity Release Passback	Information Only Marketed Capacity Release
		Per Books Mcf (1)	Mcf (2)	Mcf (3)=(1)-(2)	\$/Mcf (4) = (5/3)	\$ (5)	\$ (6)	\$ (7)=(5)+(6)	\$ (8)	\$ (9)=(8)-(7)	(10)	\$ (11)	\$ (12)
1	July 2006	208,746	(184)	208,930	\$10.7034	\$2,236,269	\$32,783	\$2,269,053	(\$2,939,714)	(\$5,208,766)	\$94,977.39	\$8,160.31	(\$176,804.22)
2	August 2006	191,837	(242)	192,079	\$10.7035	\$2,055,909	33,033.52	\$2,088,943	\$13,823,911	\$11,734,968	\$7,659.37	\$7,833.34	(\$134,606.84)
3	September 2006	231,546	422	231,124	\$10.0616	2,325,486.30	38,779.39	\$2,364,266	\$974,205	(\$1,390,061)	\$87,159.37	\$7,337.31	(\$153,140.94)
4	October 2006	387,447	(171)	387,618	\$10.0239	3,885,446.08	33,571.56	\$3,919,018	\$4,191,116	\$272,098	\$117,981.21	\$7,756.61	(\$171,836.72)
5	November 2006	982,871	674	982,197	\$10.0239	9,845,447.51	39,673.38	9,885,120.89	\$13,376,221	\$3,491,100	\$119,875.37	\$21,952.50	(\$92,040.63)
6	December 2006	1,462,708	2,755	1,459,953	\$10.3968	15,178,844.45	53,708.46	\$15,232,553	\$16,307,190	\$1,074,638	\$14,735.34	\$13,712.00	(\$94,926.50)
7	January 2007	1,603,433	(1,461)	1,604,894	\$10.4012	16,692,815.15	25,297.85	\$16,718,113	\$21,431,056	\$4,712,943	\$594,482.64	\$20,156.25	(\$106,924.63)
8	February 2007	2,500,088	1,105	2,498,983	\$10.4012	25,992,411.58	42,872.05	\$26,035,284	\$33,655,976	\$7,620,692	\$413,249.39	\$25,378.95	(\$117,166.93)
9	March 2007	1,946,655	1,921	1,944,734	\$9.4278	18,334,549.17	48,591.00	18,383,140.17	\$9,700,564	(\$8,682,576)	\$550,334.21	\$17,354.00	(\$100,766.16)
10	April 2007	947,899	(644)	948,543	\$9.4131	8,928,731.99	34,211.35	\$8,962,943	\$13,351,145	\$4,388,202	\$75,730.20	\$21,713.15	(\$109,856.50)
11	May 2007	566,800	2,378	564,422	\$9.4131	5,312,956.02	44,645.35	\$5,357,601	(\$295,770)	(\$5,653,371)	\$269,029.19	\$12,200.10	(\$91,480.30)
12	June 2007	269,820	(1,026)	270,846	\$10.2613	2,779,228.41	30,166.76	\$2,809,395	\$826,308	(\$1,983,087)	\$111,667.85	\$12,200.00	(\$91,494.53)
13	TOTAL	11,299,850	5,527	11,294,323		\$113,568,095	\$457,334	\$114,025,429	\$124,402,208	\$10,376,779	\$2,456,881.53	\$175,754.52	(\$1,441,044.90)
14	Off-System Sales												
15	Capacity Release												
16	Gas Cost Audit												
17	TOTAL (OVER)/UNDER-RECOVERY												
18	Demand Revenues Received												
19	Demand Cost of Gas 1/												
20	Demand (Over)/Under Recovery												
21	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008												
22	DEMAND ACA TO EXPIRE AUGUST 31, 2008												
23	Commodity Revenues Received												
24	Commodity Cost of Gas												
25	Commodity (Over)/Under Recovery												
26	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008												
27	COMMODITY ACA TO EXPIRE AUGUST 31, 2008												
28	TOTAL ACA TO EXPIRE AUGUST 31, 2008												

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 through the SVAS Balancing Charge on Sheet 7a of the tariff.

COLUMBIA GAS OF KENTUCKY
CASE NO. 2007- 00347 Effective September 2007 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)	\$1.3647	
Demand ACA (Schedule No. 2, Sheet 1, Line 26)	-0.3468	
Refund Adjustment (Schedule No. 4)	-0.0065	
SAS Refund Adjustment (Schedule No. 5)	<u>-0.0002</u>	
Total Demand Rate per Mcf	\$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

Line No.	Description	Contract Volume Dth Sheet 3 (1)	Retention (2)	Monthly demand charges \$/Dth Sheet 3 (3)	# months A/ (4)	Assignment proportions lines 4, 5 (5)	Adjustment for retention on downstream pipe, if any (6) = 1 / (100% - col2)	Annual costs	
								\$/Dth	\$/MCF
								(7) =	3 * 4 * 5 * 6
City gate capacity assigned to Choice marketers									
1	Contract								
2	CKT FTS/SST	28,000	0.644%						
3	TCO FTS	<u>20,014</u>	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									
10									
Annual demand cost of capacity assigned to choice marketers									
11	CKT FTS			\$0.5090	12	0.5832	1.0000	\$3.5620	
12	TCO FTS			\$5.9670	12	0.4168	1.0000	\$29.8472	
13	Gulf FTS-1, upstream to CKT FTS			\$3.1450	12	0.5832	1.0065	\$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									
Balancing charge, paid by Choice marketers									
21	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5							\$1.0112	
22	Less credit for cost of assigned capacity							(\$0.2295)	
23	Plus storage commodity costs incurred by CKY for the Choice marketer							\$0.1280	
24									
25	Balancing Charge, per Mcf	sum(12:14)						\$0.9097	