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PUBLIC SERVICE  
COMMISSION

Columbia Gas<sup>®</sup>  
of Kentucky

A NiSource Company

2001 Mercer Road  
Lexington, KY 40511

October 27, 2008

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

Re: Columbia Gas of Kentucky, Inc.  
Gas Cost Adjustment Case No. 2008 - 00455

Dear Ms. O'Donnell:

Pursuant to the Commission's Order dated January 30, 2001 in Administrative Case No. 384, Columbia Gas of Kentucky, Inc. ("Columbia") hereby encloses, for filing with the Commission, an original and six (6) copies of data submitted pursuant to the requirements of the Gas Cost Adjustment Provision contained in Columbia's tariff for its December quarterly Gas Cost Adjustment ("GCA").

Columbia proposes to decrease its current rates to tariff sales customers by \$0.9576 per Mcf effective with its December 2008 billing cycle on November 26, 2008. The decrease is composed of a decrease of \$0.9278 per Mcf in the Average Commodity Cost of Gas, and a decrease of \$0.0298 per Mcf in the Average Demand Cost of Gas. There are no changes in any of the other adjustment factors.

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

Sincerely,



Judy M. Cooper  
Director, Regulatory Policy

Enclosures

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2008 - 00455

GAS COST ADJUSTMENT AND REVISED RATES OF  
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME  
EFFECTIVE DECEMBER 2008 BILLINGS

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

<u>Line</u> <u>No.</u>	<u>September-08</u> <u>CURRENT</u>	<u>December-08</u> <u>PROPOSED</u>	<u>DIFFERENCE</u>
1 Commodity Cost of Gas	\$11.9881	\$11.0603	(\$0.9278)
2 Demand Cost of Gas	\$1.3718	\$1.3420	(\$0.0298)
3 Total: Expected Gas Cost (EGC)	\$13.3599	\$12.4023	(\$0.9576)
4 SAS Refund Adjustment	(\$0.0002)	(\$0.0002)	\$0.0000
5 Balancing Adjustment	(\$0.5782)	(\$0.5782)	\$0.0000
6 Supplier Refund Adjustment	(\$0.0063)	(\$0.0063)	\$0.0000
7 Actual Cost Adjustment	\$1.4238	\$1.4238	\$0.0000
8 Gas Cost Incentive Adjustment	\$0.0273	\$0.0273	\$0.0000
9 Cost of Gas to Tariff Customers (GCA)	\$14.2263	\$13.2687	(\$0.9576)
10 Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11 Banking and Balancing Service	\$0.0208	\$0.0208	\$0.0000
12 Rate Schedule FI and GSO			
13 Customer Demand Charge	\$6.5697	\$6.5697	(\$0.0000)

**Columbia Gas of Kentucky, Inc.**  
**Gas Cost Adjustment Clause**  
**Gas Cost Recovery Rate**  
 Dec 08 - Feb 09

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>	<u>Expires</u>
1	Expected Gas Cost (EGC)	Schedule No. 1	\$12.4023	
2	Actual Cost Adjustment (ACA)	Schedule No. 2	\$1.4238	8-31-09
3	SAS Refund Adjustment (RA)	Schedule No. 5	(\$0.0002)	8-31-09
4	Supplier Refund Adjustment (RA)	Schedule No. 4	(\$0.0010)	05-31-09
			(\$0.0053)	02-28-09
		Total Refunds	<u>(\$0.0063)</u>	
5	Balancing Adjustment (BA)	Schedule No. 3	\$0.0042	2-28-09
		Case No. 2008-00038	<u>(\$0.5824)</u>	2-28-09
		Total Balancing Adjustments	<u>(\$0.5782)</u>	
6	Gas Cost Incentive Adjustment	Schedule No. 6	\$0.0273	2-28-09
7	Gas Cost Adjustment			
8	Dec 08 - Feb 09		<u>\$13.2687</u>	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	<u>\$6.5697</u>	

DATE FILED: October 27, 2008

BY: J. M. Cooper

**Columbia Gas of Kentucky, Inc.**  
**Expected Gas Cost for Sales Customers**  
Dec 08 - Feb 09

Schedule No. 1  
Sheet 1

Line No.	Description	Reference	Volume A/		Rate		Cost (5)
			Mcf (1)	Dth. (2)	Per Mcf (3)	Per Dth (4)	
<b>Storage Supply</b>							
Includes storage activity for sales customers only							
Commodity Charge							
1	Withdrawal		(5,429,000)			\$0.0153	\$83,064
2	Injection			11,000		\$0.0153	\$168
3	Withdrawals: gas cost includes pipeline fuel and commodity charges			5,418,000		\$10.4289	\$56,503,759
Total							
4	Volume	= 3		5,418,000			
5	Cost	sum(1:3)					\$56,586,991
6	Summary	4 or 5		5,418,000			\$56,586,991
<b>Flowing Supply</b>							
Excludes volumes injected into or withdrawn from storage.							
Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian	Sch.1, Sht. 5, Ln. 4		1,105,000			\$8,614,000
8	Appalachian Supplies	Sch.1, Sht. 6, Ln. 4		188,000			\$1,385,000
9	Less Fuel Retention By Interstate Pipelines	Sch. 1,Sheet 7, Lines 21, 22		(188,000)			(\$1,455,041)
10	Total	7 + 8 + 9		1,105,000			\$8,543,959
<b>Total Supply</b>							
11	At City-Gate	Line 6 + 10		6,523,000			\$65,130,950
Lost and Unaccounted For							
12	Factor			-0.9%			
13	Volume	Line 11 * 12		(58,707)			
14	At Customer Meter	Line 11 + 13		6,464,293			
15	<b>Sales Volume</b>	Line 14	6,120,330	6,464,293			
<b>Unit Costs \$/MCF</b>							
Commodity Cost							
16	Excluding Cost of Pipeline Retention	Line 11 / Line 15				\$10.6417	
17	Annualized Unit Cost of Retention	Sch. 1,Sheet 7, Line 24				<u>\$0.4186</u>	
18	Including Cost of Pipeline Retention	Line 16 + 17				\$11.0603	
19	Demand Cost	Sch.1, Sht. 2, Line 9				<u>\$1.3420</u>	
20	Total Expected Gas Cost (EGC)	Line 18 + 19				\$12.4023	

A/ BTU Factor = 1.0562 Dth/MCF

**Columbia Gas of Kentucky, Inc.**  
**GCA Unit Demand Cost**  
**Dec 08 - Feb 09**

Schedule No. 1  
 Sheet 2

<u>Line No.</u>	<u>Description</u>	<u>Reference</u>	
1	Expected Demand Cost: Annual Dec 2008 - Nov 2009	Sch. No.1, Sheet 3, Ln. 41	\$20,070,523
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery	Sch. No.1, Sheet 4, Ln. 10	-\$93,420
3	Less Storage Service Recovery from Delivery Service Customers		-\$114,614
4	Net Demand Cost Applicable 1 + 2 + 3  Projected Annual Demand: Sales + Choice		\$19,862,489
5	At city-gate In Dth Heat content In MCF		15,775,000 Dth 1.0562 Dth/MCF 14,935,618 MCF
6	Lost and Unaccounted - For Factor		0.9%
7	Volume 5 * 6		<u>134,421</u> MCF
8	At Customer Meter 5 - 7		14,801,198 MCF
9	Unit Demand Cost (7 / 10) To Sheet 1, line 19		\$1.3420 per MCF

**Columbia Gas of Kentucky, Inc.**  
**Annual Demand Cost of Interstate Pipeline Capacity**  
 Dec 2008 - Nov 2009

Schedule No. 1  
 Sheet 3

Line No.	Description	Dth	Monthly Rate \$/Dth	# Months	Expected Annual Demand Cost
<b>Columbia Gas Transmission Corporation</b>					
Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)	220,880	\$1.5070	12	\$3,994,394
2	FSS Seasonal Contract Quantity (SCQ)	11,264,911	\$0.0290	12	\$3,920,189
Storage Service Transportation (SST)					
3	Summer	110,440	\$4.1850	6	\$2,773,148
4	Winter	220,880	\$4.1850	6	\$5,546,297
5	Firm Transportation Service (FTS)	20,014	\$5.9690	12	\$1,433,563
6	Subtotal				sum(1:5) \$17,667,591
<b>Columbia Gulf Transmission Company</b>					
11	FTS - 1 (Mainline)	28,991	\$3.1450	12	\$1,094,120
<b>Tennessee Gas</b>					
21	Firm Transportation	20,506	\$4.6238	12	\$1,137,788
<b>Central Kentucky Transmission</b>					
31	Firm Transportation	28,000	\$0.5090	12	\$171,024
41	<b>Total.</b> Used on Sheet 2, line 1				\$20,070,523

**Columbia Gas of Kentucky, Inc.**

Schedule No. 1

**Gas Cost Adjustment Clause**

Sheet 4

**Expected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers**

Dec 2008 - Nov 2009

Line No.	Description	Capacity			Units	Annual Cost
		Daily Dth (1)	# Months (2)	Annualized Dth (3) = (1) x (2)		
1	Expected Demand Costs (Per Sheet 3)					\$20,070,523
	City-Gate Capacity:					
	Columbia Gas Transmission					
2	Firm Storage Service - FSS	220,880	12	2,650,560		
3	Firm Transportation Service - FTS	20,014	12	240,168		
4	Central Kentucky Transportation	28,000	12	336,000		
5	Total		2 + 3 + 4	3,226,728	Dth	
6	Divided by Average BTU Factor			1.0562	Dth/MCF	
7	Total Capacity - Annualized		Line 5/ Line 6	3,055,035	Mcf	
	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity					
8	Applicable to Rate Schedules IS/SS and GSO Line 1 / Line 7			\$6.5697	/Mcf	
9	Firm Volumes of IS/SS and GSO Customers	1,185	12	14,220	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers Line 8 * Line 9				to Sheet 2, line 2	\$93,420

**Columbia Gas of Kentucky, Inc.**  
**Non-Appalachian Supply: Volume and Cost**  
Dec 08 - Feb 09

Schedule No. 1  
Sheet 5

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

Line No.	Month	Total Flowing Supply Including Gas Injected Into Storage			Net Storage Injection Dth (4)	Net Flowing Supply for Current Consumption	
		Volume A/ Dth (1)	Cost (2)	Unit Cost \$/Dth (3) = (2) / (1)		Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Dec-08	380,000	\$2,939,000	\$7.73	0	380,000	\$2,939,000
2	Jan-09	381,000	\$2,941,000	\$7.72	0	381,000	\$2,941,000
3	Feb-09	344,000	\$2,734,000	\$7.95	0	344,000	\$2,734,000
4	Total 1+2+3	1,105,000	\$8,614,000	\$7.80	0	1,105,000	\$8,614,000

A/ Gross, before retention.

**Columbia Gas of Kentucky, Inc.**  
**Appalachian Supply: Volume and Cost**  
Dec 08 - Feb 09

Schedule No. 1  
Sheet 6

<u>Line</u> <u>No.</u>	<u>Month</u>	<u>Dth</u> (2)	<u>Cost</u> (3)
1	Dec-08	58,000	\$411,000
2	Jan-09	68,000	\$505,000
3	Feb-09	62,000	\$469,000
4	Total    1 + 2 + 3	188,000	\$1,385,000

**Columbia Gas of Kentucky, Inc.**  
**Annualized Unit Charge for Gas Retained by Upstream Pipelines**  
 Dec 08 - Feb 09

Schedule No. 1  
 Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

		Units	Dec 08 - Feb 09	Mar - May 09	June - Aug 09	Sept - Nov 09	Annual Dec 2008 - Nov 2009	
Gas purchased by CKY for the remaining sales customers								
1	Volume	Dth	1,293,000	3,759,000	5,027,000	2,493,000	12,572,000	
2	Commodity Cost Including Transportation		\$9,999,000	\$28,375,000	\$39,114,000	\$19,814,000	\$97,302,000	
3	Unit cost	\$/Dth					\$7.7396	
Consumption by the remaining sales customers								
11	At city gate	Dth	6,522,000	2,723,000	748,000	2,107,000	12,100,000	
12	Lost and unaccounted for portion		0.90%	0.90%	0.90%	0.90%		
At customer meters								
13	In Dth	(100% - 12) * 11	Dth	6,463,302	2,698,493	741,268	2,088,037	11,991,100
14	Heat content		Dth/MCF	1.0562	1.0562	1.0562	1.0562	
15	In MCF	13 / 14	MCF	6,119,392	2,554,907	701,825	1,976,933	11,353,058
16	Portion of annual	line 15, quarterly / annual		53.9%	22.5%	6.2%	17.4%	100.0%
Gas retained by upstream pipelines								
21	Volume	Dth	188,000	151,000	162,000	113,000	614,000	
Cost								
22	Quarterly. Deduct from Sheet 1	3 * 21	To Sheet 1, line 9	\$1,455,041	\$1,168,677	\$1,253,812	\$874,573	\$4,752,102
23	Allocated to quarters by consumption			\$2,561,422	\$1,069,419	\$293,766	\$827,494	\$4,752,102
24	Annualized unit charge	23 / 15	To Sheet 1, line 17	\$0.4186	\$0.4186	\$0.4186	\$0.4186	\$0.4186

**COLUMBIA GAS OF KENTUCKY, INC.**

Schedule No. 1

Sheet 8

**DETERMINATION OF THE BANKING AND  
BALANCING CHARGE  
FOR THE PERIOD BEGINNING DECEMBER 2008**

<u>Line No.</u>	<u>Description</u>	<u>Dth</u>	<u>Detail</u>	<u>Amount For Transportation Customers</u>
1	Total Storage Capacity. Sheet 3, line 2	11,264,911		
2	Net Transportation Volume	5,810,508		
3	Contract Tolerance Level @ 5%	290,525		
4	Percent of Annual Storage Applicable to Transportation Customers		2.58%	
6	Seasonal Contract Quantity (SCQ)			
7	Rate		\$0.0290	
8	SCQ Charge - Annualized		<u>\$3,920,189</u>	
9	Amount Applicable To Transportation Customers			\$101,141
10	FSS Injection and Withdrawal Charge			
11	Rate		0.0306	
12	Total Cost		<u>\$344,706</u>	
13	Amount Applicable To Transportation Customers			\$8,893
14	SST Commodity Charge			
15	Rate		0.0191	
16	Total Cost		<u>\$177,489</u>	
17	Amount Applicable To Transportation Customers			<u>\$4,579</u>
18	Total Cost Applicable To Transportation Customers			<u>\$114,614</u>
19	Total Transportation Volume - Mcf			18,658,484
20	Flex and Special Contract Transportation Volume - Mcf			(13,157,151)
21	Net Transportation Volume - Mcf	line 19 + line 20		5,501,333
22	Banking and Balancing Rate - Mcf.	Line 18 / line 21. To line 11 of the GCA Comparison		<u>\$0.0208</u>

PIPELINE COMPANY TARIFF SHEETS

Columbia Gas Transmission Corporation  
 FERC Gas Tariff  
 Second Revised Volume No. 1

Eighty-Eighth Revised Sheet No. 25  
 Superseding  
 Eighty-Seventh Revised Sheet No. 25

Currently Effective Rates  
 Applicable to Rate Schedule FTS, NTS and NTS-S  
 Rate Per Dth

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge	Current	Surcharge			
<b>Rate Schedule FTS</b>								
Reservation Charge 3/	\$ 5.636	0.323	-0.015	0.027	-0.002	-	5.969	0.1952
<b>Commodity</b>								
Maximum	< 1.04	0.23	0.04	0.32	0.13	0.17	1.93	1.93
Minimum	< 1.04	0.23	0.04	0.32	0.13	0.17	1.93	1.93
Overrun	< 19.57	1.29	-0.01	0.41	0.12	0.17	21.55	21.55
<b>Rate Schedule NTS</b>								
Reservation Charge 3/4/	\$ 7.152	0.323	-0.015	0.027	-0.002	-	7.405	0.2460
<b>Commodity</b>								
Maximum	< 1.04	0.23	0.04	0.32	0.13	0.17	1.93	1.93
Minimum	< 1.04	0.23	0.04	0.32	0.13	0.17	1.93	1.93
Overrun	< 24.55	1.29	-0.01	0.41	0.12	0.17	26.53	26.53

- 1/ Excludes Account 850 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
- 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
- 3/ Minimum reservation charge is \$0.00.
- 4/ The rates shown above for Service under Rate Schedule NTS shall be applicable to Service under Rate Schedule NTS-S except that the maximum Reservation Fee shall be adjusted to reflect the applicable expedited period of gas flow (EPF) utilizing the following formula, rounded to 3 decimal places:  

$$NTS-S = NTS * (24/EPF)$$
 where:  
 NTS-S = NTS-S Reservation Fee  
 NTS = Applicable NTS Reservation Fee  
 24 = Number of Hours in a Gas Day  
 EPF = HDQ/HHQ

Issued by: Claire A. Burum, SVP Regulatory Affairs  
 Issued on: August 28, 2008

Effective on: October 1, 2008

Columbia Gas Transmission Corporation  
 FERC Gas Tariff  
 Second Revised Volume No. 1

Eighty-Seventh Revised Sheet No. 26  
 Superseding  
 Eighty-Sixth Revised Sheet No. 26

Currently Effective Rates  
 Applicable to Rate Schedule SST and GTS  
 Rate Per Dth

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge	Current	Surcharge			
Rate Schedule SST								
Reservation Charge 3/	\$ 5.466	0.323	-0.015	0.027	-0.002	-	5.799	0.1906
Commodity								
Maximum	¢ 1.02	0.23	0.04	0.32	0.13	0.17	1.91	1.91
Minimum	¢ 1.02	0.23	0.04	0.32	0.13	0.17	1.91	1.91
Overrun	¢ 18.99	1.29	-0.01	0.41	0.12	0.17	20.97	20.97
Rate Schedule GTS								
Commodity								
Maximum	¢ 75.10	2.35	-0.06	0.50	0.12	0.17	78.18	78.18
Minimum	¢ 3.08	0.23	-0.06	0.32	0.12	0.17	3.86	3.86
HFCC	¢ 72.02	2.12	0.00	0.18	0.00	-	74.32	74.32

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.  
 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.  
 3/ Minimum reservation charge is \$0.00.

Issued by: Claire A. Burum, SVP Regulatory Affairs  
 Issued on: August 28, 2008

Effective on: October 1, 2008

Columbia Gas Transmission Corporation  
 FERC Gas Tariff  
 Second Revised Volume No. 1

First Rev Twenty-Second Rev Sheet No. 29  
 Superseding  
 Twenty-Second Revised Sheet No. 29

Currently Effective Rates  
 Applicable to Rate Schedule FSS, ISS, and SIT  
 Rate Per Dth

	Base Tariff Rate 1/	Transportation Cost Rate Adjustment		Electric Power Costs Adjustment		Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
		Current	Surcharge	Current	Surcharge			
Rate Schedule FSS								
Reservation Charge	\$ 1.507	-	-	-	-	-	1.507	0.050
Capacity	¢ 2.90	-	-	-	-	-	2.90	2.90
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53	1.53
Overrun	¢ 10.91	-	-	-	-	-	10.91	10.91
Rate Schedule ISS								
Commodity								
Maximum	¢ 5.95	-	-	-	-	-	5.95	5.95
Minimum	¢ 0.00	-	-	-	-	-	0.00	0.00
Injection	¢ 1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢ 1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT								
Commodity								
Maximum	¢ 4.12	-	-	-	-	-	4.12	4.12
Minimum	¢ 1.53	-	-	-	-	-	1.53	1.53

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.  
 2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Issued by: Claire A. Burum, SVP Regulatory Affairs  
 Issued on: December 31, 2007

Effective on: February 1, 2008

Currently Effective Rates  
 Applicable to Rate Schedule FTS-1  
 Rates per Dth

	Base Rate (1) \$	Annual Charge Adjustment (2) \$ 1/	Subtotal (3) \$	Total Effective Rate (4) \$	Daily Rate (5) \$	Unaccounted For (6) ¢	Company Use and Unaccounted For (7) ¢
Rate Schedule FTS-1 Rayne, LA To Points North Reservation Charge 2/	3.1450	-	3.1450	3.1450	0.1034	-	-
Commodity							
Maximum	0.0170	0.0017	0.0187	0.0187	0.0187	0.365	2.795
Minimum	0.0170	0.0017	0.0187	0.0187	0.0187	0.365	2.795
Overrun	0.1204	0.0017	0.1221	0.1221	0.1221	0.365	2.795

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Issued:  
Effective:

28-Aug-08  
1-Oct-08

Central Kentucky Transmission  
Tariff Sheet Summary for  
Current Rates and Retainage Factors

Description	Non-Gas Base Rate (1) \$	ACA (2) \$ 1/	Total Effective Rate (3) \$
Rate Schedule FTS			
Reservation Charge			
Maximum	\$ 0.509	-	0.509
Commodity			
Maximum	\$ 0.0000	0.0017	0.0017
Overrun	\$ 0.0167	0.0017	0.0184
Rate Schedule ITS			
Commodity			
Maximum	\$ 0.0167	0.0017	0.0184
Retainage Percentages			
Gas Reimbursement	0.641%		

DETAIL SUPPORTING  
DEMAND/COMMODITY SPLIT

**COLUMBIA GAS OF KENTUCKY**  
**CASE NO. 2008- Effective December 2008 Billing Cycle**

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

	\$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	\$1.3420	
Demand ACA (Case No. 2008-00310)	-0.1073	
Refund Adjustment (Case No. 2008-00157)	-0.0063	
SAS Refund Adjustment (Case No. 2008-00310)	<u>-0.0002</u>	
Total Demand Rate per Mcf	\$1.2282	<--- to Att. E, line 21

Commodity Component of Gas Cost Adjustment

Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	\$11.0603
Commodity ACA (Case No. 2008-00310)	\$1.5311
Balancing Adjustment (Case No. 2008-00310)	-\$0.5782
Gas Cost Incentive Adjustment (2008-000038)	<u>\$0.0273</u>
Total Commodity Rate per Mcf	\$12.0405

CHECK:	\$1.2282
	<u>\$12.0405</u>
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$13.2687

Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment

Commodity ACA (Case No. 2008-00310)	\$1.5311
Balancing Adjustment (Case No. 2008-00310)	-\$0.5782
Gas Cost Incentive Adjustment (Case No. 2008-000038)	<u>\$0.0273</u>
Total Commodity Rate per Mcf	\$0.9802

**Columbia Gas of Kentucky, Inc.**  
**CKY Choice Program**  
**100% Load Factor Rate of Assigned FTS Capacity**  
**Balancing Charge**  
Dec 08 - Feb 09

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
<b>City gate capacity assigned to Choice marketers</b>									
1	Contract								
2	CKT FTS/SST	28,000	0.641%						
3	TCO FTS	<u>20,014</u>	2.154%						
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									
<b>Annual demand cost of capacity assigned to choice marketers</b>									
11	CKT FTS			\$0.5090	12	0.5832	1.0000	\$3.5620	
12	TCO FTS			\$5.9690	12	0.4168	1.0000	\$29.8572	
13	Gulf FTS-1, upstream to CKT FTS			\$3.1450	12	0.5832	1.0065	\$22.1506	
14	TGP FTS-A, upstream to TCO FTS			\$4.6238	12	0.4168	1.0220	\$23.6376	
15									
16	Total Demand Cost of Assigned FTS, per unit							\$79.2073	\$83.6588
17									
18	100% Load Factor Rate (10 / 365 days)								\$0.2292
19									
20									
<b>Balancing charge, paid by Choice marketers</b>									
21	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5							\$1.2282	
22	Less credit for cost of assigned capacity							(\$0.2292)	
23	Plus storage commodity costs incurred by CKY for the Choice marketer							\$0.1807	
24									
25	Balancing Charge, per Mcf	sum(12:14)						\$1.1796	

PROPOSED TARIFF SHEETS

**COLUMBIA GAS OF KENTUCKY, INC.**

<b>CURRENTLY EFFECTIVE BILLING RATES</b>					
<u>SALES SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment<sup>1/</sup></u>		<u>Total Billing Rate</u> \$	
		<u>Demand</u> \$	<u>Commodity</u> \$		
<b><u>RATE SCHEDULE GSR</u></b>					
Customer Charge per billing period	9.30			9.30	
Delivery Charge per Mcf	1.8715	1.2282	12.0405	15.1402	R
<b><u>RATE SCHEDULE GSO</u></b>					
<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	1.2282	12.0405	15.1402	R
Next 350 Mcf per billing period	1.8153	1.2282	12.0405	15.0840	R
Next 600 Mcf per billing period	1.7296	1.2282	12.0405	14.9983	R
Over 1,000 Mcf per billing period	1.5802	1.2282	12.0405	14.8489	R
<b><u>RATE SCHEDULE IS</u></b>					
Customer Charge per billing period	547.37			547.37	
Delivery Charge per Mcf					
First 30,000 Mcf per billing period	0.5467		12.0405 <sup>2/</sup>	12.5872	R
Over 30,000 Mcf per billing period	0.2905		12.0405 <sup>2/</sup>	12.3310	R
Firm Service Demand Charge					
Demand Charge times Daily Firm					
Volume (Mcf) in Customer Service Agreement		6.5697		6.5697	
<b><u>RATE SCHEDULE IUS</u></b>					
Customer Charge per billing period	255.00			255.00	
Delivery Charge per Mcf					
For All Volumes Delivered	0.5905	1.2282	12.0405	13.8592	R
<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 \$12.4023 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>					
<p>R – Reduction      I - Increase</p>					

DATE OF ISSUE: October 27, 2008

DATE EFFECTIVE: November 26, 2008  
 December 2008 Billing

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**CURRENTLY EFFECTIVE BILLING RATES**

(Continued)

<u>TRANSPORTATION SERVICE</u>	<u>Base Rate Charge</u> \$	<u>Gas Cost Adjustment<sup>1/</sup></u>		<u>Total Billing Rate</u> \$
		<u>Demand</u> \$	<u>Commodity</u> \$	
<b><u>RATE SCHEDULE SS</u></b>				
Standby Service Demand Charge per Mcf				
Demand Charge times Daily Firm				
Volume (Mcf) in Customer Service Agreement		6.5697		6.5697
Standby Service Commodity Charge per Mcf			12.0405	12.0405
<b><u>RATE SCHEDULE DS</u></b>				
Administrative Charge per account per billing period				55.90
Customer Charge per billing period <sup>2/</sup>				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<sup>2/</sup></u>				
First 30,000 Mcf	0.5467			0.5467
Over 30,000 Mcf	0.2905			0.2905
– Grandfathered Delivery Service				
First 50 Mcf or less per billing period				1.8715
Next 350 Mcf per billing period				1.8153
Next 600 Mcf per billing period				1.7296
All Over 1,000 Mcf per billing period				1.5802
– Intrastate Utility Delivery Service				
All Volumes per billing period				0.5905
Banking and Balancing Service				
Rate per Mcf		0.0208		0.0208
<b><u>RATE SCHEDULE MLDS</u></b>				
Administrative Charge per account each billing period				55.90
Customer Charge per billing period				200.00
Delivery Charge per Mcf				0.0858
Banking and Balancing Service				
Rate per Mcf		0.0208		0.0208

R

<sup>1/</sup> 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.  
<sup>2/</sup> Applicable to all Rate Schedule DS customers except those served under Grandfathered Delivery Service or Intrastate Utility Delivery Service.

R – Reduction    I - Increase

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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 <sup>1/</sup>

For all volumes per billing period per Mcf	\$ 0.9802
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Rate Schedule SVAS

Balancing Charge – per Mcf	\$ 1.1796
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R

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.

R – Reduction      I - Increase

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December 2008 Billing Cycle

President