

February 8, 2010

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

**RECEIVED**

**FEB 08 2010**

**PUBLIC SERVICE  
COMMISSION**

Re: Columbia Gas of Kentucky, Inc.  
Gas Cost Adjustment Case No. 2010 -00041

Dear Mr. Derouen:

On January 29, 2010, Columbia Gas of Kentucky, Inc. ("Columbia") filed with the Commission its March quarterly Gas Cost Adjustment ("GCA") pursuant to the requirements of the Gas Cost Adjustment Provision contained in its tariff. Columbia has subsequently discovered two errors in its filing.

On Schedule No. 3, Page 1, Line 15, the Remaining Amount, is incorrectly copied from the Surcharge Balance of \$4,268,488 in the Supporting Documentation. On Schedule No. 1, Sheet 5, Line 4, the Total Cost column was multiplied incorrectly. The amount should be \$6,924,730.

Please accept the attached schedules, correcting Columbia's filing of January 29, 2010 to be effective with its March 2010 billing cycle on March 1, 2010. Please feel free to contact me at 859-288-0242 if there are any questions.

Sincerely,



Judy M. Cooper  
Director, Regulatory Policy

Enclosures

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

REVISED

Line No.	December 2009 <u>CURRENT</u>	March-10 <u>PROPOSED</u>	<u>DIFFERENCE</u>
1 Commodity Cost of Gas	\$5.8427	\$6.7558	\$0.9131
2 Demand Cost of Gas	<u>\$1.3579</u>	<u>\$1.3288</u>	<u>(\$0.0291)</u>
3 Total: Expected Gas Cost (EGC)	\$7.2006	\$8.0846	\$0.8840
4 SAS Refund Adjustment	(\$0.0002)	(\$0.0002)	\$0.0000
5 Balancing Adjustment	\$0.0691	\$1.2853	\$1.2162
6 Supplier Refund Adjustment	(\$0.0054)	(\$0.0063)	(\$0.0009)
7 Actual Cost Adjustment	(\$2.9537)	(\$2.9537)	\$0.0000
8 Gas Cost Incentive Adjustment	<u>\$0.0584</u>	<u>\$0.0042</u>	<u>(\$0.0542)</u>
9 Cost of Gas to Tariff Customers (GCA)	\$4.3688	\$6.4139	\$2.0451
10 Transportation TOP Refund Adjustment	\$0.0000	\$0.0000	\$0.0000
11 Banking and Balancing Service	\$0.0207	\$0.0207	(\$0.0000)
12 Rate Schedule FI and GSO			
13 Customer Demand Charge	\$6.5664	\$6.5245	(\$0.0419)

Columbia Gas of Kentucky, Inc.  
Gas Cost Adjustment Clause  
Gas Cost Recovery Rate  
Mar - May 10

REVISED

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>	<u>Expires</u>
1	Expected Gas Cost (EGC)	Schedule No. 1	\$8.0846	
2	Actual Cost Adjustment (ACA)	Schedule No. 2	(\$2.9537)	8-31-10
3	SAS Refund Adjustment (RA)	Schedule No. 5	(\$0.0002)	8-31-10
4	Supplier Refund Adjustment (RA)	Schedule No. 4	(\$0.0062) (\$0.0001)	02-28-11 08-31-10
		Total Refunds	<u>(\$0.0063)</u>	
5	Balancing Adjustment (BA)	Schedule No. 3	\$1.2853	8-31-10
6	Gas Cost Incentive Adjustment	Schedule No. 6	\$0.0042	2-28-11
7	Gas Cost Adjustment			
8	Mar - May 10		<u>\$6.4139</u>	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	<u>\$6.5245</u>	

DATE FILED: January 29, 2010

BY: J. M. Cooper

Columbia Gas of Kentucky, Inc.  
 Expected Gas Cost for Sales Customers  
 Mar - May 10

REVISED 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			(1,464,000)		\$0.0153	\$22,399
2	Injection			2,020,000		\$0.0153	\$30,906
3	Withdrawals: gas cost includes pipeline fuel and commodity charges			1,456,000		\$6.1598	\$8,968,649
Total							
4	Volume	= 3		1,456,000			
5	Cost	sum(1:3)					\$9,021,954
6	Summary	4 or 5		1,456,000			\$9,021,954
<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 18							
7	Non-Appalachian	Sch.1, Sht. 5, Ln. 4		1,217,000			\$6,924,730
8	Appalachian Supplies	Sch.1, Sht. 6, Ln. 4		115,000			\$639,000
9	Less Fuel Retention By Interstate Pipelines	Sch. 1,Sheet 7, Lines 21, 22		(165,000)			(\$979,378)
10	Total	7 + 8 + 9		1,167,000			\$6,584,352
<b>Total Supply</b>							
11	At City-Gate	Line 6 + 10		2,623,000			\$15,606,306
Lost and Unaccounted For							
12	Factor					-0.9%	
13	Volume	Line 11 * 12				(23,607)	
14	At Customer Meter	Line 11 + 13	2,478,209	2,599,393			
15	Less: Right-of-Way Contract Volume			789			
16	Sales Volume	Line 14-15	2,477,420				
<b>Unit Costs \$/MCF</b>							
Commodity Cost							
17	Excluding Cost of Pipeline Retention	Line 11 / Line 16				\$6.2994	
18	Annualized Unit Cost of Retention	Sch. 1,Sheet 7, Line 24				\$0.3624	
19	Including Cost of Pipeline Retention	Line 17 + 18				\$6.6618	
20	Uncollectible Ratio	CN 2009-00141				0.01410552	
21	Gas Cost Uncollectible Charge	Line 19 * Line 20				\$0.0940	
22	Total Commodity Cost	line 19 + line 21				\$6.7558	
23	Demand Cost	Sch.1, Sht. 2, Line 10				\$1.3288	
24	Total Expected Gas Cost (EGC)	Line 22 + 23				\$8.0846	

A/ BTU Factor = 1.0489 Dth/MCF

**Columbia Gas of Kentucky, Inc.**  
**Non-Appalachian Supply: Volume and Cost**  
**Mar - May 10**

REVISED 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	Mar-10	0	\$482,000		0	0	
2	Apr-10	1,565,000	\$8,628,000		(779,000)	786,000	
3	May-10	1,664,000	\$9,261,000		(1,233,000)	431,000	
4	Total 1+2+3	3,229,000	\$18,371,000	\$5.69	(2,012,000)	1,217,000	\$6,924,730

A/ Gross, before retention.

COLUMBIA GAS OF KENTUCKY, INC.CALCULATION OF BALANCING ADJUSTMENT  
TO BE EFFECTIVE MARCH 1, 2010

<u>Line No.</u>	<u>Description</u>	<u>Detail</u> \$	<u>Amount</u> \$
1	<b><u>RECONCILIATION OF A PREVIOUS SAS REFUND ADJUSTMENT</u></b>		
2	Total adjustment to have been distributed to		
3	customers in Case No. 2008-00310	(\$2,369)	
4	Less: amount distributed	<u>(\$2,194)</u>	
5	REMAINING AMOUNT		(\$175)
6	<b><u>RECONCILIATION OF A PREVIOUS BALANCING ADJUSTMENT</u></b>		
7	Total adjustment to have been collected from		
8	customers in Case No. 2009-00036	\$1,501,817	
9	Less: amount collected	<u>\$1,760,422</u>	
10	REMAINING AMOUNT		(\$258,605)
11	<b><u>RECONCILIATION OF PREVIOUS ACTUAL COST ADJUSTMENT</u></b>		
12	Total adjustment to have been collected from		
13	customers in Case No. 2008-00310 , adjusted	\$20,722,657	
14	Less: amount collected	<u>\$16,454,169</u>	
15	REMAINING AMOUNT		<u>\$4,268,488</u>
16	<b>TOTAL BALANCING ADJUSTMENT AMOUNT</b>		<b><u><u>\$4,009,709</u></u></b>
17	Divided by: projected sales volumes for the six months		
18	ended August 31, 2010		3,119,677
19	<b>BALANCING ADJUSTMENT (BA) TO</b>		
20	<b>EXPIRE AUGUST 31, 2010</b>		<b><u><u>\$1.2853</u></u></b>

**Columbia Gas of Kentucky, Inc.  
Actual Cost Adjustment YR2008  
Supporting Data**

Case No. 2008-00310

Expires: August 31, 2009

	Tariff		Choice		Surcharge Balance
	Volume	Surcharge Rate	Volume	Surcharge Rate	
September 2008	219,295	\$1.4238	4,014	\$1.5311	\$20,712,728
October 2008	274,842	\$1.4238	8,964	\$1.5311	\$20,394,350
November 2008	731,975	\$1.4238	26,600	\$1.5311	\$19,989,305
December 2008	1,805,361	\$1.4238	75,253	\$1.5311	\$18,906,392
January 2009	2,167,136	\$1.4238	103,299	\$1.5311	\$16,220,699
February 2009	2,188,053	\$1.4238	97,159	\$1.5311	\$12,976,970
March 2009	1,527,735	\$1.4238	77,190	\$1.5311	\$9,712,860
April 2009	951,588	\$1.4238	55,279	\$1.5311	\$7,419,485
May 2009	456,926	\$1.4238	34,181	\$1.5311	\$5,979,976
June 2009	261,526	\$1.4238	23,934	\$1.5311	\$5,277,071
July 2009	352,911	\$1.4238	22,289	\$1.5311	\$4,868,064
August 2009	36,208	\$1.4238	16,300	\$1.5311	\$4,331,463
September 2009	(2,924)	\$1.4238	364	\$1.5311	\$4,254,953
					\$4,258,559

**SUMMARY:**

**SURCHARGE AMOUNT**

\$20,712,728

**ADJUSTMENTS (1)**

\$9,929

**AMOUNT COLLECTED**

\$16,454,169

**SURCHARGE BALANCE**

\$4,268,488

(1) Reflects Billing Adjustments

**COLUMBIA GAS OF KENTUCKY**  
**CASE NO. 2010-00041 Effective March 2010 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 23)	\$1.3288	
Demand ACA (Schedule No. 2 )	-0.1154	
Total Refund Adjustment (Schedule No. 4)	-0.0063	
SAS Refund Adjustment (Schedule No. 5 )	<u>-0.0002</u>	
Total Demand Rate per Mcf	\$1.2069	<— to Att. E, line 21

Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 22)	\$6.7558	
Commodity ACA (Schedule No. 2 )	-\$2.8383	
Balancing Adjustment (Schedule No. 3 )	\$1.2853	
Gas Cost Incentive Adjustment (Schedule 6)	<u>\$0.0042</u>	
Total Commodity Rate per Mcf	\$5.2070	

CHECK:	\$1.2069	
	<u>\$5.2070</u>	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	\$6.4139	

Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment

Commodity ACA (Schedule No. 2)	-\$2.8383
Balancing Adjustment (Schedule No. 3)	\$1.2853
Gas Cost Incentive Adjustment (Schedule No. 6)	<u>\$0.0042</u>
Total Commodity Rate per Mcf	-\$1.5488



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	12.35			12.35
Delivery Charge per Mcf	1.8715	1.2069	5.2070	8.2854
<b><u>RATE SCHEDULE GSO</u></b>				
<b><u>Commercial or Industrial</u></b>				
Customer Charge per billing period	25.13			25.13
Delivery Charge per Mcf -				
First 50 Mcf or less per billing period	1.8715	1.2069	5.2070	8.2854
Next 350 Mcf per billing period	1.8153	1.2069	5.2070	8.2292
Next 600 Mcf per billing period	1.7296	1.2069	5.2070	8.1435
Over 1,000 Mcf per billing period	1.5802	1.2069	5.2070	7.9941
<b><u>RATE SCHEDULE IS</u></b>				
Customer Charge per billing period	583.39			583.39
Delivery Charge per Mcf				
First 30,000 Mcf per billing period	0.5467		5.2070 <sup>2/</sup>	5.7537
Over 30,000 Mcf per billing period	0.2905		5.2070 <sup>2/</sup>	5.4975
Firm Service Demand Charge				
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.5245		6.5245
<b><u>RATE SCHEDULE IUS</u></b>				
Customer Charge per billing period	331.50			331.50
Delivery Charge per Mcf				
For All Volumes Delivered	0.7750	1.2069	5.2070	7.1889
<p><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. 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 \$8.0846 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS</p> <p><sup>2/</sup> 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: January 29, 2010

DATE EFFECTIVE: March 1, 2010  
(March Unit 1 Billing)

ISSUED BY: Herbert A. Miller, Jr.

President

**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		6.5245		6.5245
Standby Service Commodity Charge per Mcf			5.2070	5.2070
<b><u>RATE SCHEDULE DS</u></b>				
Administrative Charge per account per billing period				55.90
Customer Charge per billing period <sup>2/</sup>				583.39
Customer Charge per billing period (GDS only)				25.13
Customer Charge per billing period (IUDS only)				331.50
<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				0.7750
Banking and Balancing Service				
Rate per Mcf		0.0207		0.0207
<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		0.0207		0.0207
<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.				

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DATE OF ISSUE: January 29, 2010

DATE EFFECTIVE: March 1, 2010  
(March Unit 1 Billing)  
President

ISSUED BY: Herbert A. Miller, Jr.

**COLUMBIA GAS OF KENTUCKY, INC.**

**CURRENTLY EFFECTIVE BILLING RATES**

**RATE SCHEDULE SVGTS**

**Billing Rate**

\$

General Service Residential

Customer Charge per billing period	12.35
Delivery Charge per Mcf	1.8715

General Service Other - Commercial or Industrial

Customer Charge per billing period	25.13
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	331.50
Delivery Charge per Mcf	\$ 0.7750

Actual Gas Cost Adjustment <sup>1/</sup>

For all volumes per billing period per Mcf	(\$ 1.5488)
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**RATE SCHEDULE SVAS**

Balancing Charge – per Mcf	\$ 1.0980
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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, IS, or IUS for only those months of the prior twelve months during which they were served under Rate Schedule GS, IS or IUS.

**DATE OF ISSUE:** January 29, 2010

**DATE EFFECTIVE:** March 1, 2010  
(March Unit 1 Billing)

**ISSUED BY:** Herbert A. Miller, Jr.

President