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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS OF) CASE NO. 2009-00141
KENTUCKY, INC.)

**DEMAND SIDE MANAGEMENT REPORT
OF COLUMBIA GAS OF KENTUCKY, INC.**

On September 14, 2009, the parties to this case filed a Stipulation and Recommendation (“Stipulation”). By Order dated October 26, 2009 the Commission approved the Stipulation.

Paragraph 4 of the Stipulation stated, in pertinent part,

Columbia agrees to establish a DSM Collaborative in January 2010 in order to develop a second-phase DSM program, including DSM measures targeted for low-income customers. Columbia will file with the Commission a second-phase DSM proposal and corresponding Energy Efficiency and Conservation Rider adjustment proposal by August 2, 2010. All parties to this case will be invited to participate in the DSM Collaborative.

Columbia established the Demand Side Management (“DSM”) Collaborative as agreed, and the DSM Collaborative held two meetings during 2010. As a result of those meetings Columbia believes that the DSM Collaborative’s consensus was that Columbia has appropriately been focusing its attention on implementation of the DSM program authorized by the Commission in its Order of October 26, 2009.

In implementing the new DSM programs Columbia gave the highest priority to its low income furnace replacement program. Nonetheless, implementation of the DSM programs is a time-consuming project, and Columbia believes that the consensus of the DSM Collaborative is that additional time is needed to fully implement the low income furnace replacement program and the

other new DSM programs. Until the programs are fully implemented, with some additional time for analysis, it is premature to now propose modifications or additional phases to the DSM programs approved last fall. Columbia will continue to meet with the DSM Collaborative to discuss ongoing implementation of the DSM programs, analysis of the DSM programs as implemented, and any possible modifications to the programs.

Dated at Columbus, Ohio, this 2nd day of August, 2010.

Respectfully submitted,

COLUMBIA GAS OF KENTUCKY, INC.

By: Stephen B. Seiple (gmc)
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Assistant General Counsel

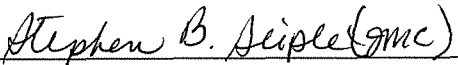
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Demand Side Management Report was served upon all parties of record by regular U. S. mail this 2nd day of August, 2010.



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