

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)	
KENTUCKY, INC. FOR AN ADJUSTMENT)	CASE NO.
OF RATES)	2007-00008

O R D E R

Columbia Gas of Kentucky, Inc. ("Columbia") is a wholly-owned subsidiary of the Columbia Energy Group.¹ Columbia distributes natural gas to approximately 140,000 customers in all or portions of 33 counties in central and eastern Kentucky.

BACKGROUND

On January 2, 2007, Columbia filed a notice of its intent to file an application for approval of an increase in its gas rates, utilizing a historic test period ending September 30, 2006. On February 1, 2007, Columbia tendered for filing its application seeking an increase in gas revenues of \$12,645,522, an increase of 7.99 percent. Columbia's application included new rates to be effective March 3, 2007 and proposals to revise, add, and delete several tariffs applicable to its gas service.

A review of the application revealed that it did not meet the minimum filing requirements set forth in 807 KAR 5:001, Section 10, and a notice of the filing deficiencies was issued. Columbia subsequently submitted additional information on

¹ Columbia Energy Group is a wholly-owned subsidiary of NiSource, Inc. ("NiSource"), an energy holding company whose subsidiaries provide natural gas, electricity, and other products and services. Columbia is one of 10 natural gas local distribution companies operating in nine states.

February 19, 2007 to cure the filing deficiencies. The February 19, 2007 filing included revised tariffs with a proposed effective date of March 21, 2007. The Commission found in its March 16, 2007 Order that the additional information satisfied the minimum filing requirements as of February 19, 2007. It also found that an investigation would be necessary to determine the reasonableness of Columbia's request and the proposed rates were suspended for 5 months from their revised March 21, 2007 effective date, pursuant to KRS 278.190(2), up to and including August 20, 2007.

Columbia's last rate case was Case No. 2002-00145,² which was resolved by a settlement agreement adopted by the Commission on December 13, 2002.

The following parties requested and were granted full intervention: the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), the Lexington-Fayette Urban County Government ("LFUCG"), Kentucky Industrial Utility Customers, Inc. ("KIUC"), and Interstate Gas Supply, Inc. ("IGS").

On March 16, 2007, the Commission issued a procedural schedule to investigate Columbia's rate application. The schedule provided for discovery, intervenor testimony, rebuttal testimony by Columbia, a public hearing, and an opportunity for the parties to file post-hearing briefs.

On August 10, 2007, Columbia, the AG, LFUCG, KIUC, and IGS entered into and filed with the Commission a unanimous Stipulation and Recommendation ("Stipulation"),

² Case No. 2002-00145, Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc.

which addressed and resolved all issues pending in the rate case.³ At the August 14, 2007 public hearing, the parties presented testimony in support of the reasonableness of the Stipulation. Columbia filed copies of its affidavits publishing notice of the public hearing on August 13, 2007 and the case now stands submitted for a decision.

STIPULATION

The Stipulation, attached as Appendix B to this Order, reflects a unanimous resolution of all issues raised in this case. The major provisions of the Stipulation are as follows:

- Columbia should be permitted to recover \$7,250,000 more in annual revenues, with the revised rates to be effective for service rendered on and after August 29, 2007.
- The increase in revenues shall be reflected as an increase in the customer charges associated with Columbia's various rate schedules, with no change in Columbia's volumetric rates.
- Columbia withdraws its request for Commission approval of the Post-In-Service Carrying Charges accounting treatment and the Accelerated Main Replacement Program ("AMRP").
- The recommended rate of return on common equity agreed to by the parties is 10.50 percent.
- Columbia's tariffs should be revised as follows:
 - The reconnection fee resulting from non-payment will be \$25;
 - For the CHOICE program, the marketer's accounts receivable discount should be reduced from 2.5 percent to 2.0 percent;
 - For the CHOICE program, the current tiered marketer fee should be replaced by a flat fee of \$0.05/Mcf;
 - The proposed AMRP Rider, Tariff Sheet No. 59, is withdrawn; and
 - All other tariff changes proposed by Columbia shall be adopted.

³ On August 21, 2007, Columbia, the AG, LFUCG, KIUC, and IGS entered into and filed with the Commission a unanimous Supplement to Stipulation and Recommendation ("Stipulation Supplement"), which corrected an error in Attachment A to the Stipulation discovered subsequent to the August 10, 2007 public hearing. The Stipulation Supplement is attached as Appendix C to this Order.

- The depreciation study submitted as part of this application has not been accepted; therefore, depreciation will continue to be calculated using the current depreciation rates.
- The Commission should authorize Columbia to recognize a regulatory asset or liability to record charges or credits for pensions and other post-retirement benefits in accordance with Statement of Financial Accounting Standard ("SFAS") No. 158.
- The Commission should authorize Columbia to establish a regulatory asset to defer and amortize one-time charges associated with the outsourcing of work under an IBM contract, the transition of Columbia's Call Center, and certain severance costs. The IBM costs and the Call Center charges would be amortized over an 8-year period and the severance costs over 3 years.
- Columbia will be permitted to defer and amortize its actual rate case expenses over a 3-year period.
- Promptly after the issuance of the final Order in this case, Columbia will notify the Commission and parties of its intentions with regard to possible continuation of the CHOICE program beyond March 31, 2009.

Attached to the Stipulation were a proof of revenues and revised tariffs reflecting the provisions of the Stipulation. On August 10, 2007, Columbia filed testimony in support of the Stipulation.

ANALYSIS OF THE STIPULATION

Columbia proposed an annual increase in its gas revenues of \$12,645,522, an annual increase of 7.99 percent. The AG proposed an annual increase in Columbia's gas revenues of \$1,307,116.⁴ The Stipulation contains the parties' unanimous

⁴ Henkes Direct Testimony, Schedule RJH-1. The AG later revised his recommended increase to \$3,792,977; See Response of the AG to the Commission Staff's First Data Request dated June 26, 2007, Item 4. No other party addressed the revenue increase for Columbia.

recommendation that an annual increase in gas revenues of \$7,250,000 is reasonable.⁵ Other significant provisions of the Stipulation are discussed below.

Depreciation Rates

Columbia had included as part of its application a depreciation study and proposed the adoption of the new depreciation rates resulting from that study. The Stipulation states that the Commission had not accepted the new depreciation study and that Columbia would continue to use its current depreciation rates until such time as it provided a new depreciation study and the study was accepted by the Commission.⁶ At the public hearing, Columbia acknowledged it was unaware of any rulings by the Commission on the proposed depreciation study, and agreed that it was more accurate to state the new depreciation study was being withdrawn as part of the Stipulation.

Rate Design

The Stipulation adopts Columbia's proposal to replace the "First 1 Mcf per billing period" in Rate Schedule GSR with a "Customer Charge per billing period." For each customer class, the allocated increase in revenues is assigned only to the customer charge portion of the bill. There are no changes to the volumetric rates.

Miscellaneous Charges

The Stipulation adopts Columbia's proposed returned check fee of \$15. Columbia had proposed that the reconnection fee resulting from non-payment be increased to \$55; however, the Stipulation set this fee at \$25.

⁵ Stipulation at 2.

⁶ Id. at 3, paragraph 5.

SFAS No. 158

SFAS No. 158 requires companies to recognize the funded status of defined pension and other post-retirement benefit plans as a net asset or liability with an offsetting, net of tax, entry to Accumulated Other Comprehensive Income within the stockholders' equity section of the balance sheet. SFAS No. 158 does not change how these pension and other post-retirement benefit plans are accounted for in the income statement. Columbia had requested Commission approval for a regulatory account treatment which would grant Columbia the authority to recognize a regulatory asset or liability, as appropriate, to record charges or credits that would otherwise have been recorded in equity under SFAS No. 158.

Amortization of Certain Expenses

Columbia had requested that it be permitted to defer and amortize certain one-time expenses as part of its application in this case. These expenses included costs associated with an outsourcing arrangement between NiSource and IBM, costs billed directly to Columbia incurred with the transition of Columbia's Call Center, and certain severances costs. Columbia had proposed a 3-year amortization of these deferred expenses. In addition, Columbia had proposed that the expenses associated with the preparation of this rate case be deferred and amortized over a 3-year period.

Gas Supply Costs

When Columbia determined the revenue requirement in its application, one of the proposed adjustments was to remove the gas supply costs which have been routinely

addressed in Columbia's Gas Cost Adjustment ("GCA") mechanism.⁷ Under the provisions of its GCA mechanism tariff, Columbia filed its most recent quarterly GCA with the Commission on July 31, 2007.⁸ Consequently, Columbia's gas supply costs had not been an issue in the current base rate case.

The Stipulation filed on August 10, 2007 included as Attachment A tariff sheets that reflected the \$7,250,000 increase in base rate revenues and also included as gas supply costs the amounts proposed in Case No. 2007-00347. At the public hearing, the record in Case No. 2007-00347 was incorporated by reference into the record of this proceeding. Also at the public hearing, the parties to the Stipulation stated their agreement that the gas supply costs reflected in Attachment A were reasonable and should be approved as part of the decision in this rate case.

On August 21, 2007, Columbia, the AG, LFUCG, KIUC, and IGS entered into and filed the unanimous Stipulation Supplement, which corrected an error in the gas cost adjustment filing. The Stipulation Supplement stated that certain amounts "were inadvertently misallocated between the commodity and demand components of the Actual Cost Adjustment."⁹ The Stipulation Supplement included revised tariff sheets that reflected the correction of the errors and revised gas cost calculations.¹⁰

⁷ The revenues associated with the GCA mechanism were also removed by Columbia in the determination of its revenue requirements in this application. See Application, Volume 6 of 8, Tab D, Schedule D-2.1.

⁸ Case No. 2007-00347, Purchased Gas Adjustment Filing of Columbia Gas of Kentucky.

⁹ Stipulation Supplement at 1.

¹⁰ Id., Attachments C and D.

SUMMARY

Based upon a review of each provision in the Stipulation, including the attached tariff sheets and proof of revenues, an examination of the record, and being otherwise sufficiently advised, the Commission finds that the provisions of the Stipulation are in the public interest and should be approved. The Commission's approval of the provisions of the Stipulation is based solely on their reasonableness in toto and does not constitute precedent on any issue.

In addition, based upon a review of the record in Case No. 2007-00347, the recommendation of the parties to the Stipulation, the Stipulation Supplement, and being otherwise sufficiently advised, the Commission finds that the gas supply costs as stated in Attachment C to the Stipulation Supplement are the appropriate gas costs Columbia should recover from its customers and should be approved.

We also note that no objections have been lodged regarding Tariff Sheets 48 through 51, which set forth Columbia's GCA mechanism. The mechanism has been part of Columbia's tariff since the 1980s and significantly reduces the volatility of the commodity cost of customers' bills. Nonetheless, the lawfulness of the GCA mechanism – even when considered in the context of a general rate case – has been called into question in an Opinion and Order entered in the matter of Commonwealth of Kentucky, ex rel., Gregory D. Stumbo, Attorney General v. Kentucky Public Service Commission and Union Light, Heat and Power Company, Franklin Circuit Court, Civil Action 06-CI-269 (Aug. 1, 2007). On several occasions following issuance of the Opinion and Order, the AG has specifically stated that he believes gas cost adjustments are implicated by the Opinion and Order and are *in fact* unlawful. Fortunately, the

parties in this action, including the AG, were able to agree upon a commodity cost as part of the Stipulation. This renders moot Columbia's current GCA proceeding, Case No. 2007-00347, and puts off for another day the question as to whether Columbia may lawfully adjust its commodity costs without filing another general rate proceeding. In the interim, the Commission will allow Tariff Sheets 48 through 51 to remain as part of Columbia's tariff. The question of whether the mechanism described in those tariffs may be lawfully applied at some point in the future is reserved.

IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Columbia in its application are denied.
2. The Stipulation and the Stipulation Supplement, attached hereto as Appendices B and C, are approved in their entirety.
3. The rates and charges set forth in Appendix A hereto are the fair, just, and reasonable rates for Columbia to charge for gas service, and these rates are approved for service rendered on and after August 29, 2007. Columbia shall be permitted to modify its Rate Schedule GSR to eliminate its existing "First 1 Mcf per billing period" and replace it with "Customer Charge per billing period."
4. Columbia shall file its tariffs reflecting the approved Stipulation and Stipulation Supplement within 20 days of the date of this Order.
5. Columbia's request to establish a regulatory asset or liability, as appropriate, to record charges or credits that would otherwise have been recorded in equity under SFAS No. 158 is approved.

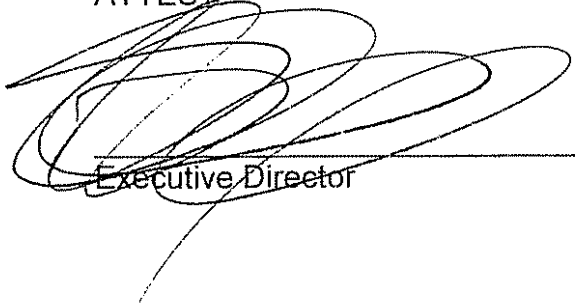
6. Columbia's request to defer and amortize certain one-time expenses in accordance with the provisions of the Stipulation, and as discussed in this Order, is approved.

7. Columbia's request to defer its actual rate case expense and subsequent amortization of the expense over a 3-year period is approved.

Done at Frankfort, Kentucky, this 29th day of August, 2007.

By the Commission

ATTEST



Executive Director

Case No. 2007-00008

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00008 DATED August 29, 2007

The following rates and charges are prescribed for the customers served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

	<u>Base Rate</u> <u>Charge</u>	<u>Gas Cost</u> <u>Demand</u>	<u>Commodity</u>	<u>Total Billing</u> <u>Rate</u>
<u>Rate Schedule GSR</u>				
Customer Charge	\$9.30			\$9.30
Delivery Charge per Mcf	\$1.8715	\$1.0112	\$9.1820	\$12.0647
<u>Rate Schedule GSO</u>				
Customer Charge	\$23.96			\$23.96
Delivery Charge per Mcf				
First 50 Mcf or less	\$1.8715	\$1.0112	\$9.1820	\$12.0647
Next 350 Mcf	\$1.8153	\$1.0112	\$9.1820	\$12.0085
Next 600 Mcf	\$1.7296	\$1.0112	\$9.1820	\$11.9228
Over 1,000 Mcf	\$1.5802	\$1.0112	\$9.1820	\$11.7734
<u>Rate Schedule IS</u>				
Customer Charge	\$547.37			\$547.37
Delivery Charge per Mcf				
First 30,000 Mcf	\$.5467		\$9.1820	\$9.7287
Over 30,000 Mcf	\$.2905		\$9.1820	\$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	\$255.00			\$255.00
Delivery Charge per Mcf				
For All Volumes Delivered	\$.5905	\$1.0112	\$9.1820	\$10.7837

Rate Schedule SS

Standby Service Demand Charge			
Demand Charge times Daily Firm			
Volume (Mcf) in Customer Service			
Agreement	\$6.5814		\$6.5814
Standby Service Commodity Charge		\$9.1820	\$9.1820

Rate Schedule DS

Administrative Charge			\$55.90
Customer Charge			\$547.37
Customer Charge (GDS only)			\$23.96
Customer Charge (IUDS only)			\$255.00
Delivery Charge per Mcf			
First 30,000 Mcf	\$.5467		\$.5467
Over 30,000 Mcf	\$.2905		\$.2905
-Grandfathered Delivery Service			
First 50 Mcf or less			\$1.8715
Next 350 Mcf			\$1.8153
Next 600 Mcf			\$1.7296
All Over 1,000 Mcf			\$1.5802
-Intrastate Utility Delivery Service			
All Volumes			\$.5905
Banking and Balancing Service			
Rate per Mcf		\$.0207	\$.0207

Rate Schedule MLDS

Administrative Charge			\$55.90
Customer Charge			\$200.00
Delivery Charge			\$.0858
Banking and Balancing Service			
Rate per Mcf		\$.0207	\$.0207

Rate Schedule SVGTS

General Service Residential

Customer Charge			\$9.30
Delivery Charge per Mcf			
First 50 Mcf or less			\$1.8715
Next 350 Mcf			\$1.8153
Next 600 Mcf			\$1.7296
Over 1,000 Mcf			\$1.5802

<u>Intrastate Utility Service</u>	
Customer Charge	\$255.00
Delivery Charge per Mcf	\$.5905
<u>Actual Gas Cost Adjustment</u>	
For All Volumes	\$.9112
<u>Rate Schedule SVAS</u>	
Balancing Charge per Mcf	\$.9097

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00008 DATED August 29, 2007

STIPULATION AND RECOMMENDATION

Dated August 10, 2007

Including:

Attachment A – Tariffs

Attachment B – Proof of Revenue

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

AUG 10 2007
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF AN ADJUSTMENT)
OF GAS RATES OF COLUMBIA GAS) CASE NO. 2007-00008
OF KENTUCKY, INC.)

STIPULATION AND RECOMMENDATION

It is the intent and purpose of 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., to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding.

It is understood by all parties hereto that this Stipulation and Recommendation is not binding upon the Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustments to Columbia's rates. The parties have expended considerable efforts to reach the agreements that form the basis of this Stipulation and Recommendation. All of the parties, representing diverse interests and divergent viewpoints, agree that this Stipulation and Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Stipulation and Recommendation will eliminate the need for the Commission and the parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. It is the position of the parties hereto that this Stipulation and Recommendation is supported

by sufficient and adequate data and information, and is entitled to serious consideration by the Commission. Based upon the parties' participation in settlement conferences and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Columbia should be authorized to adjust its rates in order to permit it to recover \$7,250,000 more in annual revenue than it is recovering under its current rates, with such revised rates to be effective for service rendered on and after August 29, 2007. The increased revenue requirement shall be reflected in increases to the customer charges associated with Columbia's various rate schedules, and there shall be no decrease in any of Columbia's volumetric rates. The pro-forma tariff sheets attached hereto as Attachment A are recommended as reflecting the new rates to be effective as of the aforementioned date. These pro-forma tariff sheets further reflect rates that are designed to allow Columbia to recover the increased revenue from its various classes of customers, in the manner agreed to by the parties to this Stipulation and Recommendation.

2. Columbia shall withdraw its request for Commission approval of the accounting necessary to book Post-In-Service Carrying Charges, as well as its request for Commission approval of the proposed Accelerated Main Replacement Program ("AMRP").

3. For purposes of this Stipulation and Recommendation, the parties agree that the return on equity agreed to by the parties, and recommended to the Commission, is 10.5%.

4. Columbia's tariffs should be revised as follows:

(a) Columbia's reconnection fee resulting from non-payment will be \$25.

(b) For the CHOICE program, the marketers' accounts receivable discount should be reduced to 2.0% from 2.5%.

- (c) For the CHOICE program, the current tiered marketer fee should be replaced by a flat fee of \$.05/Mcf.
- (d) Columbia is withdrawing the proposed revisions to Tariff Sheet No. 59, consistent with Columbia's agreement to withdraw the proposed AMRP program.
- (e) All of the other tariff changes proposed by Columbia shall be adopted.

The foregoing changes are reflected in the proposed tariff sheets attached to this Stipulation and Recommendation as Attachment A.

5. The Commission has not accepted the depreciation study submitted by Columbia as part of this proceeding. Therefore, Columbia's current depreciation accrual rates will continue to be used until such time when Columbia provides a new depreciation study and the study is accepted by the Commission.

6. The Prepared Direct Testimony of Columbia witness June M. Konold sought authorization of regulatory accounting treatment for pensions and other post-retirement benefits in accordance with Statement of Financial Accounting Standard ("SFAS") 158. The parties agree that the Commission should authorize Columbia to recognize a regulatory asset (or liability) to record the charges (or credits) that would otherwise be recorded in equity under SFAS No. 158. This authority would allow Columbia to reclassify amounts associated with SFAS No. 158 from stockholders' equity to a regulatory asset (or liability).

7. The Prepared Direct Testimony of Columbia witness Kelly L. Humrichouse sought Commission authorization for specific accounting treatment and recovery/amortization of one-time costs. These include: IBM-related costs of \$2,308,090, severance costs of \$79,348 and costs billed directly to Columbia primarily incurred with the transition of Columbia's Call Center

of \$812,778. The parties agree that the Commission should authorize Columbia to establish a regulatory asset to record these one-time charges. The IBM-related costs and Call Center costs will subsequently be amortized over and recovered over an eight year period. The severance costs of \$79,348 will be amortized over and recovered over a three year period.

8. The Prepared Direct Testimony of Columbia witness Kelly L. Humrichouse sought Commission authorization for a three-year amortization of rate case expenses. Columbia's actual rate case expenses will be deferred and recovered over a three-year period.

9. Promptly after the Commission's issuance of a final order in this case Columbia will notify the Commission and parties to this case of Columbia's intentions with regard to possible continuation of the CHOICE pilot program beyond March 31, 2009.

10. Attached to this Stipulation and Recommendation as Attachment B are proof-of-revenue sheets, showing that the rates set forth in Attachment A will generate the proposed revenue increase to which the parties have agreed in Paragraph number 1 hereof.

11. Each party hereto waives all cross-examination of the witnesses of the other parties hereto unless the Commission disapproves this Stipulation and Recommendation, and each party further stipulates and recommends that the Notice of Intent, Notice, Application, testimony, pleadings and responses to data requests filed in this proceeding be admitted into the record

12. This Stipulation and Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Columbia or any other utility.

13. If the Commission issues an order adopting this Stipulation and Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

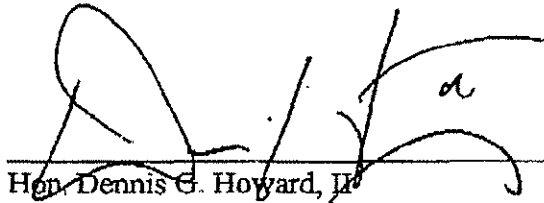
14. In the event the Commission should reject or modify all or any portion of this Stipulation and Recommendation, or impose additional conditions or requirements upon the signatory parties, each signatory party shall have the right, within thirty (30) days of the Commission's order, to either file an application for rehearing or terminate and withdraw from the Stipulation and Recommendation by filing a notice with the Commission. Upon rehearing, any signatory party shall have the right within fifteen (15) days of the Commission's order on rehearing to file a notice of termination or withdrawal from this Stipulation and Recommendation. In such event the terms of this Stipulation and Recommendation shall not be deemed binding upon the parties hereto, nor shall such Stipulation and Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto. In order to facilitate the execution of this Stipulation and Recommendation, the signatory parties hereto agreed not to file most of the rebuttal testimony that might have otherwise been filed. However, should any party require that hearings go forward pursuant to this paragraph, then the parties agree that all parties should be permitted to file rebuttal testimony on all issues properly before the Commission as part of any such hearing.

15. All of the parties hereto agree that the foregoing Stipulation and Recommendation is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Stipulation and Recommendation in its entirety.

AGREED, this 10th day of August, 2007.



Hon. Stephen B. Seiple
Lead Counsel
On behalf of Columbia Gas of Kentucky, Inc.



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

Kingman subject to

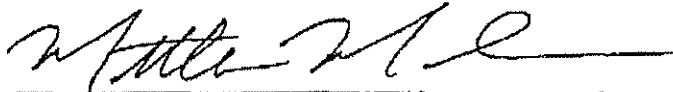
Hon. David J. Barberie
On behalf of the Lexington-Fayette Urban County Government

ratification
of the Urban
County Council



Hon. David F. Boehm
On behalf of the Kentucky Industrial Utility Customers

Interstate Gas Supply, Inc. signs with respect to all provisions, including Second Revised Sheet No. 37f and Second Revised Sheet No. 34, but excludes otherwise 4(e) from its signature, to which Interstate Gas Supply, Inc. takes no position.



Hon. Matthew Malone
On behalf of Interstate Gas Supply, Inc.

CERTIFICATE OF SERVICE

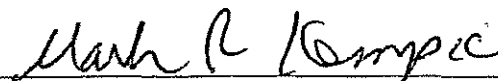
I hereby certify that a copy of the foregoing responses of Columbia Gas of Kentucky, Inc. were served via either personal hand delivery, First Class U.S. Mail postage prepaid or overnight mail on the following parties, all on this 10th day of August, 2007.

Hon. Dennis G. Howard, II
Hon. Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
Utility and Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Matthew Malone
Hurt, Crosbie & May PLLC
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
Attorney for Interstate Gas Supply, Inc.

Hon. David J. Barberie
Hon. Leslye M. Bowman
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

Hon. David F. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Attorney for Kentucky Industrial Utility Customers



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

ATTACHMENT A

TARIFFS

COLUMBIA GAS OF KENTUCKY, INC.

INDEX		Sheet No.
(Continued)		
TEMPORARY VOLUMETRIC LIMITATIONS AND CURTAILMENT PROVISIONS RELATING TO ALL RATE SCHEDULES		53-56
GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS		
<u>Section No.</u>		
1,2	Commission's & Company's Rules and Regulations	60
3	Approvals for Subdivision Prior to Distribution Mains	60
4	Application for Service	60
5	Company's Right to Defer Service	60
6	Access to Premises	60
7	Right-of-Way	61
8	Turning on Gas	61
9	Assignment of Contract	61
10	Extension of Distribution Main	61-62
11	Extension of Service Lines	62
12	Request from High-Pressure Lines	63
13	Company Obligation to Restore Property	63
14	Protection of Company's Property	63
15	Customer Liability	63
16	Customer With More than One Meter	64
17	Meter Testing and Measurement of Natural Gas	64-67
18	Quality	68-69
19	Possession of Gas and Warranty of Title	69
20	Force Majeure	70
21	Reconnection of Service	70-71
22	Customer Deposits	71-72
23,24	Billing/Payment	73
25	Late Payment Penalty	74
26	Returned Check Fee	74
27	Bill Adjustment and Monitoring of Customer Usage	74-75
28	Budget Plan	75-77
29	Changes in Contracted Volumes	78
30	Transfers Between Rate Schedules	78
31	Operating Information and Estimates	78
32	Seasonal Curtailment of Service	78-79
33	Customer Bill Format and Content	80-82
33a	Customer Bill Format for EAP Customers	82a
34	Sales Agreement	83
35	Theft of Service	84

T

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

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	N
Delivery Charge per Mcf	1.8715	1 5861	8 6072	12.0648	I
<u>RATE SCHEDULE GSO</u>					
<u>Commercial or Industrial</u>					
Customer Charge per billing period	23 96			23 96	N
Delivery Charge per Mcf -					T
First 50 Mcf or less per billing period	1 8715	1 5861	8 6072	12 0648	I
Next 350 Mcf per billing period	1.8153	1 5861	8 6072	12 0086	I
Next 600 Mcf per billing period	1.7296	1 5861	8 6072	11.9229	I
Over 1,000 Mcf per billing period	1 5802	1 5861	8 6072	11.7735	I
<u>RATE SCHEDULE IS</u>					
Customer Charge per billing period	547 37			547 37	T
Delivery Charge per Mcf					T
First 30,000 Mcf per billing period	0 5467		8 6072 ^{2/}	9 1539	I
Over 30,000 Mcf per billing period	0 2905		8 6072 ^{2/}	8 8977	I
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	N
Delivery Charge per Mcf					
For All Volumes Delivered	0 5905	1 5861	8 6072	10.7838	I
<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 \$10.1933 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 10, 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>Total Billing Rate</u> \$
		<u>Demand</u> \$	<u>Commodity</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			8 6072	8 6072
<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 10, 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)

THIS SHEET RESERVED FOR FUTURE USE

T

DATE OF ISSUE: August 10, 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

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 3364
--	-----------

Rate Schedule SVAS

Balancing Charge – per Mcf	\$ 1 4846
----------------------------	-----------

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.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.**GENERAL SERVICE (GS) AND GENERAL PROPANE SERVICE (GPS)****SALES SERVICE RATE SCHEDULES****APPLICABILITY**

Entire service territory of Company See Sheet 8 for a list of communities

AVAILABILITY OF SERVICE

Available to residential, commercial and industrial sales service customers.

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

BASE RATES**Residential**

Customer Charge per billing period	@ \$9.30
Delivery Charge per Mcf	@ \$1.8715 per Mcf

Commercial or Industrial

Customer Charge per billing period	@ \$23.96
Delivery Charge per Mcf -	
First 50 or less Mcf per billing period	@ \$ 1.8715 per Mcf
Next 350 Mcf per billing period	@ \$ 1.8153 per Mcf
Next 600 Mcf per billing period	@ \$ 1.7296 per Mcf
Over 1,000 Mcf per billing period	@ \$ 1.5802 per Mcf

MINIMUM CHARGE

The minimum charge per billing period shall be the applicable Customer Charge. If the meter reading or calculated consumption for the billing period is greater than zero then the minimum charge shall be increased by the Delivery Charge for a minimum of one Mcf per billing period.

GAS COST ADJUSTMENT

Gas sold under this rate schedule and rates as prescribed herein are subject to a Gas Cost Adjustment as stated on currently effective Sheet Nos. 48 through 51 of this tariff which are hereby incorporated into this rate schedule.

The charges set forth herein, exclusive of those pertaining to the minimum charge, shall be subject to a Gas Cost Adjustment, as shown on Sheet 5 of this tariff.

RIDER FOR NATURAL GAS RESEARCH & DEVELOPMENT

Volumes delivered to customers under this rate schedule are subject to a Rider for Natural Gas Research and Development as stated on Sheet No. 51c.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A Miller, Jr

President

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
SALES SERVICE RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

This interruptible sales service rate schedule is available in the territory served by Company to any Customer having normal annual usage of not less than 25,000 Mcf at any location when:

- (1) Company's existing facilities are sufficient to provide the quantities of gas requested by said Customer, and
- (2) Customer executes a Sales Agreement for the purchase of:
 - (a) a specified Daily Firm Volume, contracted for under Firm Service, which shall be 0 - 100% of the Customer's Maximum Daily Volume requirements, and
 - (b) a specified Daily Interruptible Volume, and
 - (c) Customer has signed a statement acknowledging the fact that its service, not specified in (a) above, is subject to interruption and that Customer is aware that Company has no obligation to serve during times of interruption.

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

CHARACTER OF SERVICE

Firm Service -The Daily Firm Volume of Customer will be contracted for by Company from its supplier(s) and no curtailment of this firm volume is planned, considering availability thereof from its supplier(s). However, in the event of emergencies, shortages of gas, or force majeure, Company reserves the right to curtail the Daily Firm Volume of Customer without incurring any liability for any loss, cost, damage, injury or expenses that may be sustained by Customer by reason of any such curtailment. It is understood that Company's primary obligation is to its domestic markets.

The Daily Interruptible Volume shall be on an interruptible basis only and Company shall have the right to interrupt deliveries of gas hereunder whenever, and to the extent needed, such action is, in its sole judgment, necessary to protect the Maximum Daily Volume of delivery currently contracted for by Company, as available from its supplier(s) or to protect the integrity of Company's natural gas distribution system. The Company shall give the Customer as much advance notice as possible of interruption hereunder. It is understood that the Company will not include in any contractual commitment with its supplier(s) any volumes required to supply Customer's Daily Interruptible Volume.

Customer may enter into a full sales agreement with the Company under this rate schedule, with the

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**INTERRUPTIBLE SERVICE (IS)
RATE SCHEDULE
(Continued)**

CHARACTER OF SERVICE (continued)

provision that the Customer may not concurrently contract with the Company for Delivery Service under Rate DS. The full sales agreement is subject to a minimum contract period of one (1) year as set forth in the General Terms, Conditions, Rules and Regulations, Section 34.

BASE RATES

Customer Charge

\$547.37 per billing period

Delivery Charge per Mcf -

First 30,000 Mcf per billing period

@ \$ 0.5467 per Mcf

Over 30,000 Mcf over billing period

@ \$ 0.2905 per Mcf

MINIMUM CHARGE

The minimum charge each billing period for gas delivered or the right of the Customer to receive same shall be the sum of the Customer Charge of \$547.37, plus the Customer Demand Charge as contracted for under Firm Service. (Daily Firm Volume as specified in the Customer's service agreement multiplied by the demand rate (See Sheet No. 5).

In the event of monthly, seasonal or annual curtailment due to gas supply shortage, the demand charge shall be waived when the volume made available is less than 110% of the Daily Firm Volume multiplied by thirty (30). In no event will the minimum charge be less than the Customer charge.

If the delivery of firm volumes of gas by Company is reduced, due to peak day interruption in the delivery of gas by Company or complete or partial suspension of operations by Customer resulting from force majeure, the Minimum Charge shall be reduced in direct proportion to the ratio which the number of days of curtailed service and complete or partial suspension of Customer's operation bears to the total number of days in the billing period. Provided, however, that in cases of Customer's force majeure, the Minimum Charge shall not be reduced to less than the Customer Charge.

RIDER FOR NATURAL GAS RESEARCH & DEVELOPMENT

Volumes delivered to customers under this rate schedule are subject to a Rider for Natural Gas Research and Development as stated on Sheet No 51c.

GAS COST ADJUSTMENT

Except as otherwise provided herein, gas sold under this rate schedule and rates as prescribed herein are subject to the Gas Cost Adjustment, including the Commodity and Demand components, as stated on currently effective Sheet Nos. 48 through 51 herein, which are hereby incorporated into this rate schedule.

For a Customer who enters into a full sales agreement under this rate schedule after September 1, 1995, the Gas Cost Adjustment shall consist of the Expected Commodity Cost of Gas, as defined in

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

INTERRUPTIBLE SERVICE (IS)

RATE SCHEDULE

(Continued)

GAS COST ADJUSTMENT (Continued)

paragraph 1 (a) of Sheet No. 48 herein, and shall not be adjusted to reflect the supplier Refund Adjustment (RA), the Actual Cost Adjustment (ACA), or the Balancing Adjustment (BA) for a period of one year from the effective date of the Customer's agreement. At the end of that one-year period, any gas purchased by the Customer under that agreement shall be subject to the Commodity Cost of Gas, including all appropriate adjustments, as defined in Sheet Nos. 48 and 49

Gas Sales purchased under this rate schedule that are within the Customer's specified Daily Firm Volume as contracted for under Firm Service are subject to the Commodity Cost of Gas, including all appropriate adjustments, as stated on currently effective Sheet Nos. 48 through 51 herein

The charges set forth herein, exclusive of those pertaining to Customer charges, shall be subject to a Gas Cost Adjustment as shown on Sheet No. 5 of this tariff.

LOCAL FRANCHISE FEE OR TAX

The monthly bill to Customers served under this rate schedule is subject to the Local Franchise Fee or Tax as set forth on Sheet No. 52

LATE PAYMENT PENALTY

Refer to the General Terms, Conditions, Rules and Regulations, Section 25.

PENALTY CHARGE FOR FAILURE TO INTERRUPT

On any day when Customer has been given timely notice by Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available on that day shall be subject to a charge of twenty-five dollars (\$25) per Mcf for all volumes taken in excess of one hundred three percent (103%) of the volumes specified to be made available on such day by Company. The penalty charge for failure to interrupt shall be in addition to the charges specified in this rate schedule. Customer shall be liable for any personal injury or damage to the property of Company or third parties which results from Customer's failure to interrupt, and Customer shall indemnify and hold Company harmless with respect to such injuries or damages

PAYMENT FOR UNAUTHORIZED TAKES

Gas taken on any day in excess of one hundred three percent (103%) of the specified Maximum Daily Volume set forth in the Sales Agreement shall constitute unauthorized takes unless prior approval for additional volumes has been granted by Company. The sum of all such unauthorized takes in a billing month shall be billed at the rate of twenty-five dollars (\$25) per Mcf for gas so taken. Payment for such unauthorized takes shall be in addition to the charges specified in this rate schedule. Customer

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr

President

COLUMBIA GAS OF KENTUCKY, INC.

**STANDBY SERVICE (SS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities.

AVAILABILITY OF SERVICE

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer is taking service under Rate Schedule DS (including GDS and IUJS) or MLDS,
- (2) Customer has executed a Delivery Service Agreement or an Addendum to its Delivery Service Agreement providing for the purchase of a specified level of Standby Service volumes,
- (3) The Company's distribution facilities have sufficient capacity and the Company has adequate gas supply to provide the quantities of gas requested by the Customer, and
- (4) Gas sold under this Rate Schedule shall not be resold or used off the Customer's premises

See Sheet Nos. 53 through 56 for Temporary Volumetric Limitations and Curtailment provisions.

CHARACTER OF SERVICE

The Standby Service volume of Customer will be contracted for by Company from its supplier(s) and no curtailment of this firm volume is planned, considering availability thereof from its supplier(s). However, in the event of emergencies, shortages of gas, or force majeure, company reserves the right to curtail the Standby Service volume of Customer without incurring any liability for any loss, cost, damage, injury or expenses that may be sustained by Customer by reason of any such curtailment. It is understood that the Company's primary obligation is to its domestic markets.

The Company retains the right to refuse the requested Standby Service volume if the Company determines, in its sole discretion, that it does not have adequate gas supplies or transportation capacity to provide the service over the life of the contract.

STANDBY SERVICE RATES

Demand Charge - The Standby Service volume is subject to the Standby Service Demand Charge as shown on Sheet No. 6.

Commodity Charge - All Standby Service volumes delivered to Customer under this rate schedule that are within the Customer's specified Standby Service volume under this rate schedule will be billed at the Commodity Cost of Gas, including all appropriate adjustments, as stated on Sheet No. 6 of this tariff.

Customer shall also pay the applicable delivery charge on all Standby Service volumes delivered as shown on Sheet No. 6.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**STANDBY SERVICE (SS)
RATE SCHEDULE
(Continued)**

LOCAL FRANCHISE FEE OR TAX

The monthly bill to Customers served under this rate schedule is subject to the local Franchise Fee or Tax as set forth on Sheet No. 52.

LATE PAYMENT PENALTY

Refer to the General Terms, conditions, Rules and Regulations, Section 25.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS

Service furnished under this rate schedule is subject to Company's Rules and Regulations and to all applicable rate schedules.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**SMALL VOLUME GAS TRANSPORTATION SERVICE
(SVGTS)
RATE SCHEDULE (Continued)**

CHARACTER OF SERVICE

Service provided under this schedule shall be considered firm service.

DELIVERY CHARGE

The Delivery Charge shall be the Base Rate Charges for the applicable Rate Schedule as set forth below:

General Service Residential

Customer Charge per billing period	\$9.30
Delivery Charge	\$1.8715 per Mcf

General Service Other – Commercial or Industrial

Customer Charge per billing period	\$23.96
First 50 Mcf or less per billing period	\$1.8715 per Mcf
Next 350 Mcf per billing period	\$1.8153 per Mcf
Next 600 Mcf per billing period	\$1.7296 per Mcf
Over 1,000 Mcf per billing period	\$1.5802 per Mcf

Intrastate Utility Service

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

WEATHER NORMALIZATION ADJUSTMENT

Volumes delivered to Residential and Commercial customers under this rate schedule are subject to a Weather Normalization Adjustment as stated on Sheet No. 51a.

CUSTOMER ASSISTANCE PROGRAM SURCHARGE

Volumes delivered to Residential customers under this rate schedule are subject to a Customer Assistance Program Surcharge as stated on Sheet No. 51b.

RIDER FOR NATURAL GAS RESEARCH DEVELOPMENT

Volumes delivered to customers under this rate schedule are subject to a Rider for Natural Gas Research and Development as stated on Sheet No. 51c.

N
N
N
I

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr

President

COLUMBIA GAS OF KENTUCKY, INC.**SMALL VOLUME AGGREGATION SERVICE
(SVAS)
RATE SCHEDULE (Continued)****MARKETER CHARGE**

Each Marketer shall pay Columbia \$0.05 per Mcf for all volumes delivered to the Marketer's Aggregation Pool during each billing month.

R

BALANCING CHARGE

Columbia will provide the Marketer with a Balancing Service on a daily and seasonal basis that balances the Marketer's Daily Demand Requirements and the consumption of the Marketer's Aggregation Pool. The Marketer shall pay Columbia a throughput-based Balancing Charge equal to the Purchased Gas Demand Cost less a credit for assigned capacity as set forth below.

The Purchased Gas Demand Cost is the Demand Rate Component of Columbia's most recent Gas Cost Adjustment Clause report. The credit is the projected annual cost of assigned FTS capacity less estimated annual storage commodity costs (storage injection, withdrawal, shrinkage, and commodity transportation cost) divided by the estimated, annualized usage of customers served under Rate Schedule SVGTS.

The charge set forth on Sheet No. 7a shall be calculated quarterly in accordance with Columbia's Gas Cost Adjustment Clause report.

DAILY DELIVERY REQUIREMENT

Columbia shall calculate the Daily Delivery Requirement for each Marketer's Aggregation Pool on or about the 20th of each month. The Daily Delivery Requirement shall be calculated by Columbia by determining the estimate of the normalized annual consumption of all Customers that will be in the Marketer's Aggregation Pool during the following month, and dividing that aggregate sum by 365. Columbia shall convert the quotient to a Dth basis using Columbia's annual average Btu Content, and shall adjust for Company Use and Unaccounted For. The resultant quantity shall be the Daily Delivery Requirement for each Marketer's Aggregation Pool.

Columbia may reduce the Daily Delivery Requirement in the months of October, November and April to meet operation needs. Marketers are required to deliver gas supplies to Columbia at the Primary Firm City Gate Delivery Points designated in the Marketer's assigned firm transportation capacity on a daily basis, in an amount equal to the Daily Delivery Requirement of the Marketer's Aggregation Pool, unless directed otherwise by Columbia. In order to support reliable service on Columbia's system, Columbia may require the marketer to deliver gas to a secondary delivery point.

If, on any day, a Marketer delivers gas supply that is either greater or less than its Daily Delivery Requirement the Marketer will be charged a fee equal to 30% of the price reported in Platts Gas Daily in the Daily Price Survey titled "Prices of Spot Gas Delivered to Pipelines", under the column heading "Midpoint" for "Columbia Gas, Appalachia," adjusted for Columbia Gas Transmission Corporation's FTS Retainage, and commodity charges for the day in question, multiplied by the difference in Dth, plus a charge for all other costs incurred by Columbia that result from the Marketer's failure to deliver gas as required, including a proportionate share of any pipeline penalties and/or costs.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULE AND REGULATIONS
APPLICABLE TO
SMALL VOLUME AGGREGATION SERVICE RATE SCHEDULE ONLY (Continued)**

Internet Enrollment - continued

Marketers must provide a copy of each Customer Consent Form or audio tape of telephone enrollment recording to Columbia or the Kentucky Public Service Commission within seven business days of any such request. With Internet enrollments Marketers must provide either a copy of the Electronic Customer Consent form or on-line access to verify customer enrollment to Columbia or the Kentucky Public Service Commission within seven business days of any such request. Failure by a Marketer to provide timely such records shall be deemed to be a violation of the Code of Conduct and shall cause the customer to be returned to Columbia's sales service tariff and a \$50.00 fee shall be paid by the Marketer to the Company and a \$50.00 fee shall be paid by the Marketer to the customer.

Marketers shall retain Customer Consent Forms, telephone enrollment recordings, electronic consent forms and on-line access to verification of enrollment for twelve months following termination of the Marketer's service to the customer.

Marketers may add customers to their Aggregation Pool on a monthly basis. Marketers shall notify Columbia by the 15th day of the prior month the accounts for which they will be supplying the commodity in the next month. (i.e. by November 15 for deliveries beginning December 1) Marketers will provide a computer spreadsheet listing all of their accounts via electronic means suitable to Columbia Gas of Kentucky. The listing shall include customer account numbers. The Marketer will be responsible for verifying the eligibility of each customer. Any incomplete submittal will be returned to the Marketer for completion. Columbia will verify the listing with its database and then provide the Marketer a Daily Delivery Requirement for the customers in the aggregate as well as an exceptions report. In the event that a customer attempts to join more than one Aggregation Pool, with more than one Marketer, Columbia Gas of Kentucky will assign the customer to the Marketer whose computer listing which includes the customer has been date-stamped first. Once enrolled with a Marketer and verified by Columbia, the Marketer shall send the customer a letter confirming the customer's choice of Marketer and stating the effective date. Whenever customers switch Marketers, the newly chosen Marketer shall send a letter confirming the customer's choice of a new Marketer.

BILLING

Columbia will bill according to the Marketer billing option by Aggregation Pool. Columbia will include a statement on the customer's bill indicating the customer's participation in the program and stating the Marketer with whom the customer is enrolled. The rate for billing shall be \$0.20 per account, per month. Such fee shall be deducted from the amount remitted each month to the Marketer for its revenues.

PAYMENT TO MARKETER

Columbia will issue a check to the Marketer by the last business day of the following calendar month for 98% of the Marketer's revenues from the previous billing month less the cost for billing and any other outstanding balances Marketer owes Columbia. The revenues will be based on actual deliveries to customers served under Rate Schedule SVGTS and the Marketer's current month billing rate. Customers' volumes will be considered actual volumes whether the meter reading is actual or calculated. Columbia will thereafter assume the risk of collecting payment for the gas commodity from small volume transportation customers.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
 TRANSPORTATION SERVICE RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities

AVAILABILITY

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a Delivery Service Agreement with Company, and
- (2) Customer has normal annual requirements of not less than 25,000 Mcf at any delivery point, and
- (3) Company will not be required to deliver on any day more than the lesser of (i) a quantity of gas equivalent to Customer's Maximum Daily Volume specified in its Delivery Service Agreement; (ii) the quantity of gas scheduled and confirmed to be delivered into the Company's distribution facilities on behalf of the Customer on that day plus applicable Standby Sales; or (iii) the Customer's Authorized Daily Volume, and
- (4) On an annual basis, a Customer's Maximum Daily Volume and Annual Transportation Volume will be automatically adjusted to the Customer's actual Maximum Daily Volume and actual Annual Transportation Volume based on the Customer's highest daily and annual volumetric consumption experienced during the preceding 12-month periods ending with March billings. Upon a Customer's request, the Company shall have the discretion to further adjust a Customer's Maximum Daily Volume and Annual Transportation Volume for good cause shown.

Customers Grandfathered ("GDS") This rate schedule is also available to customers with normal annual requirements of less than 25,000 Mcf but not less than 6,000 Mcf, at any delivery point taking service under a contract with Company for delivery service executed prior to April 1, 1999.

Intrastate Utility ("IUDS") This rate schedule is also available to intrastate utilities for transportation and consumption solely within the Commonwealth of Kentucky.

BASE RATE

Administrative Charge per account per billing period	55.90
Customer Charge per billing period	547.37
Customer Charge per billing period (GDS only)	23.96
Customer Charge per billing period (IUDS only)	255.00
Delivery Charge per Mcf -	
First 30,000 Mcf	\$0.5467 per Mcf for all gas delivered each billing month
Over 30,000 Mcf	\$0.2905 per Mcf for all gas delivered each billing month
Grandfathered Delivery Service	
First 50 Mcf 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

RIDER FOR NATURAL GAS RESEARCH & DEVELOPMENT

Volumes delivered to customers under this rate schedule are subject to a Rider for Natural Gas Research and Development as stated on Sheet No. 51c.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE
(Continued)**

BANKING AND BALANCING SERVICE

The rate for the Banking and Balancing Service is set forth on Sheet Nos. 6. This rate represents the current storage cost to the Company to provide a 'bank tolerance' to the Customer of five percent (5%) of the Customer's Annual Transportation Volume. The calculation of the Banking and Balancing Service rate is set forth in the Company's Gas Cost Adjustment

The Banking and Balancing Service rate is subject to flexing as provided in the Flex Provision of this rate schedule. Refer to Sheet 91, Banking and Balancing Service, for the terms and conditions.

T

NOMINATION AND SCHEDULING OF TRANSPORTATION DELIVERIES

All transportation deliveries must be nominated and scheduled daily through the Company's internet based nomination system. Any customer that transports gas under this schedule may elect to have its marketer or agent make the required nominations, or the customer may elect to make daily nominations of Delivery Service gas.

T

FLEX PROVISION

When a Customer with normal volume requirements of 25,000 Mcf annually can demonstrate to Company that a lower rate is necessary to meet competition from that Customer's alternate energy supplier, Company may transport gas at a rate lower than the Base Rate and/or flex other terms and conditions associate with this rate schedule. Company may also, after receiving prior approval from the Commission, transport gas at a rate lower than the Base Rate where Customer has demonstrated that its only alternative would be a shutdown or relocation of facilities, or that the lower rate is necessary to expand facilities.

T

If any of these Flex Provisions apply to it, a Customer may at any time request that the transportation Base Rate be flexed. However, once the transportation Base Rate for a Customer is flexed, Customer must continue to pay the flex rate determined by Company each month and may not opt to revert to the Base Rate, except by the following procedure. Any Customer wishing to return to the Base Rate can do so by written notification to Company. Upon notification, Customer will revert to the Base Rate three months subsequent to the first day of the billing month which follows the date of the notification. Each such notification received by Company will cancel any previous such notification received by Company from the same Customer

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE (DS)
RATE SCHEDULE
(Continued)**

FLEX PROVISION - (Continued)

Company may also transport gas under this provision to a Customer at a rate greater than the Base Rate if such rate remains competitive with the price of energy from that Customer's alternate energy suppliers. In no event shall the flex rate exceed 150% of the Base Rate

STANDBY SERVICE

Rate Schedule GDS

Any Grandfathered Delivery Service Customer who elects to transport gas under this rate schedule must establish, subject to the approval of Company, a Daily Standby Service Volume contracted for under the Standby Service Rate Schedule for that portion of load that is not protected by an alternate energy source. This Daily Standby Service Volume is subject to a Demand Charge and Commodity Charge as shown on Sheet No 6

T

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**MAIN LINE DELIVERY SERVICE (MLDS)
RATE SCHEDULE**

APPLICABILITY

Entire service territory of Company. See Sheet No. 8 for a list of communities

AVAILABILITY

This rate schedule is available to any Customer throughout the territory served by Company provided:

- (1) Customer has executed a Delivery Service Agreement with Company, and
- (2) Customer has normal annual requirements of not less than 25,000 Mcf at any delivery point, and
- (3) Customer is connected directly through a dual-purpose meter to facilities of an interstate pipeline supplier of Company, and
- (4) Company will not be required to deliver on any day more than the lesser of: (i) a quantity of gas equivalent to Customer's Maximum Daily Volume specified in its Delivery Service Agreement; (ii) the quantity of gas scheduled and confirmed to be delivered into the Company's distribution facilities on behalf of the Customer on that day plus applicable Standby Sales; or (iii) the Customer's Authorized Daily Volume, and
- (5) On an annual basis, a Customer's Maximum Daily Volume and Annual Transportation Volume will be automatically adjusted to the Customer's actual Maximum Daily Volume and actual Annual Transportation Volume based on the Customer's highest daily and annual volumetric consumption experienced during the preceding 12-month periods ending with March billings. Upon a Customer's request, the Company shall have the discretion to further adjust a Customer's Maximum Daily Volume and Annual Transportation Volume for good cause shown.

RATE

The transportation rate shall be \$0.0858 per Mcf for all gas delivered each month.

ADMINISTRATIVE CHARGE

The monthly administrative charge shall be \$55.90 per account each billing period.

CUSTOMER CHARGE

The customer charge shall be \$200 per account each billing period.

BANKING AND BALANCING SERVICE

The rate for the Banking and Balancing Service is set forth on Sheet No. 6. This rate represents the current storage cost to the Company to provide a 'bank tolerance' to the Customer of five percent (5%) of the Customer's Annual Transportation Volume. The calculation of the Banking and Balancing Service rate is set forth in the Company's Gas Cost Adjustment.

The Banking and Balancing Service rate is subject to flexing as provided in the Flex Provision of this rate schedule. Refer to Sheet No. 91, Banking and Balancing Service, for the terms and conditions of the Balancing and Banking Service.

RIDER FOR NATURAL GAS RESEARCH & DEVELOPMENT

Volumes delivered to customers under this rate schedule are subject to a Rider for Natural Gas Research and Development as stated on Sheet No. 51c.

NOMINATION AND SCHEDULING OF TRANSPORTATION DELIVERIES

All transportation deliveries must be nominated and scheduled through the Company's internet based nomination system. Any customer that transports gas under this schedule may elect to have its marketer or agent make the required nominations, or the customer may elect to connect to make daily nominations of Delivery Service gas.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

STRANDED COST/ RECOVERY POOL

CANCELLED AND HELD FOR FUTURE USE

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

20 FORCE MAJEURE

Neither Company nor Customer shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts affecting the company or its suppliers of gas, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension.

Such causes or contingencies affecting the performance hereunder by either Company or Customer, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

21 RECONNECTION OF SERVICE

If service is discontinued at the request of any Customer, Company may refuse service to such Customer, at the same premises within eight (8) months, unless it shall first receive payment of **seventy-four dollars and forty cents (\$74.40, current minimum charge of \$9.30 times 8 months) for residential customers reconnect fee and one-hundred ninety one dollars and sixty eight cents (\$191.68, current minimum charge of \$23.96 times 8 months) for commercial customers reconnect fee.**

Company will charge a reconnect fee of twenty-five dollars (\$25) when service has been **disconnected for nonpayment of bills or for violation of Company's Rules and Regulations** and Customer has qualified for and requested the service to be reconnected. Customers exempt from the reconnect fee must qualify under the **Commission's Winter Hardship Reconnection Rules**, as stated:

- A During the months from November through March, Customer or Customer's agent:
- (1) Presents a certificate of need from the Cabinet for Human Resources, State Department for Social Insurance, including a certification that a referral for weatherization services has been made in accordance with subsection (C) of this section;
 - (2) Pays one-third (1/3) of the outstanding bill or \$200, whichever is less; and

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS

(Continued)

25. LATE PAYMENT PENALTY

A Late Payment Penalty of five percent (5%) may be assessed, only once on any bill for rendered services, excluding Residential Customers, if Customer fails to pay bill by the due date shown on Customer's bill. Any payment received will first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges.

If prior to the due date of payment, Customer in good faith disputes the bill in part or total, and pays to Company such amounts as it concedes to be correct, and at any time thereafter within ten (10) days of a demand made by Company, furnishes a surety bond in an amount and with surety satisfaction to Company, guaranteeing payment to Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions of such bond.

26. RETURNED CHECK FEE

If Customer's check tendered in payment of a bill for service is returned by a bank as unpaid, Customer will be charged a fee of fifteen dollars (\$15.00) to cover the cost of further processing of the account.

27. BILL ADJUSTMENT AND MONITORING OF CUSTOMER USAGE

Bill Adjustment. If upon periodic test, request test, or complaint test a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. Said tests shall be made in accordance with commission regulations applicable to the type of meter involved.

If test results on Customer's meter show an average error greater than two (2) percent fast or slow, or if Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud of theft by Customer, Company shall immediately determine the period during which the error has existed, and shall recompute and adjust Customer's bill to either provide a refund to Customer or collect an additional amount of revenue from the underbilled Customer. Company shall readjust the account based upon the period during which the error is known to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for Customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If Customer and Company are unable to agree on an estimate of the time period during which the error existed, Commission shall determine the issue. In all instances of Customer overbilling, Customer's account shall be credited or the overbilled amount refunded at the

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)**

29. CHANGES IN CONTRACTED VOLUMES

Changes in contracted volumes shall be made in any one of the following ways:

- A. In the event Customer shall desire an increase in the then effective contracted volumes, Customer shall notify Company by April 1, of any year as to the total amount of increase required. If Customer is advised by Company that it has the required capacity and facilities then Customer shall execute a contract to become effective November 1, of such year which shall specify the total amount required. T
- B. In the event Customer shall desire a decrease in the then effective contracted volumes, after the expiration of the development period, Customer shall notify Company by April 1, in any year of the desire to decrease to become effective November 1, of such year, and Company would grant such decrease providing the desired decrease does not exceed Company's ability to offset such decreases against reductions in contracted volumes from its supplier(s), or Customer and Company may mutually agree to the decrease providing Company can otherwise utilize such decrease. T
- C. For increases or decreases in effective contracted volumes requested on shorter notice than in A or B above, Company shall, giving consideration to all pertinent factors, use its best efforts to comply with such requests.

30. TRANSFERS BETWEEN RATE SCHEDULES

If Customer desires to transfer service from one to another of Company's rate schedules, Customer shall give notice to Company by April 1, of any year and if Customer is advised by Company that it has the required gas supply, capacity, and facilities, then Customer, shall execute a contract to become effective November 1, of such year. T
T

31. OPERATING INFORMATION AND ESTIMATES

Upon request of Company, Customer shall from time to time submit estimates of the daily, monthly and annual volumes of gas required, including peak day requirements, together with such other operating data as company may require in order to plan its operations

32. SEASONAL CURTAILMENT OF SERVICE

If, in Company's judgment, it is necessary to limit the delivery of natural gas for the protection of monthly and seasonal volumes in order to supply market requirements based on gas supply available, Company shall curtail or discontinue in whole or in part gas service to its industrial and commercial Customers in the manner prescribed on Sheet Nos. 53 through 56 of this tariff. In so curtailing or discontinuing service Company shall curtail monthly and seasonal volumes to

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

33. CUSTOMER BILL FORMAT AND CONTENT - (Continued)

9. Customer Account Number -

identifies your account on our records. For more efficient service, please use it when you call or write us about your account.

10. Customer Charge -

covers a portion of the fixed costs required to ensure that natural gas service is available to your home or business. This amount will be the same each billing period.

11. Gas Delivery Charge -

covers the costs to physically deliver natural gas to your home or business each month. The total delivery charge amount will vary each month according to your gas usage.

12. Gas Supply Cost -

cost of natural gas itself. There is no mark-up on the price of gas; therefore, we make no profit on the gas cost. The total gas supply cost amount will increase as gas usage increases. If Customer chooses an alternative supplier, the supplier's name will also appear on the Customer's bill.

13. Due Date & Amount -

the date payment is due and the amount you should pay.

14. Gas Used -

the difference between the meter readings equals the amount of gas you used between the dates, shown in MCF. (1 MCF = 1000 cubic feet of gas.) A consumption history is also provided.

15. Message Area -

items of interest and concern may be included in the message area from time to time.

16. Columbia Gas Information -

for your convenience in contacting us, this is our address, office hours and phone number

17. Back of Bill -

the back of your bill includes additional information about services, including an explanation and other information for customers

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS

(Continued)

34. SALES AGREEMENT (IS AND IUS RATE SCHEDULES)

Form of Sale Agreement

Customer shall enter into a contract with company under company's standard form of Sales Agreement and customer shall designate thereon the rate schedule under which such service shall be rendered by Company. Such Sales Agreement shall be subject to the provisions contained in the designated rate schedule and the General Terms, Conditions, Rules and Regulations applicable thereto or any subsequent changes and revisions which are made in accordance with valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

Term

The term of the Sales Agreement executed by customer shall be for the period commencing with the initial delivery of gas through October 31 of the next succeeding year and from year-to-year thereafter until canceled by either customer or company giving written notice to the other no later than April 1, to become effective on November 1, of such year, unless otherwise provided in the applicable rate schedule

T

Successors and Assigns

Any company which shall succeed by purchase, merger or consolidation substantially as an entirety, of Company or of Customer, as the case may be, and any Affiliated successor in Interest which shall acquire from Company the properties of Company used in rendering service to Customer, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Sales Agreement; and either party may assign or pledge the Sales Agreement under the provision of any mortgage, deed of trust, indenture of similar instrument which it has executed or may execute hereafter; provided, however, such mortgage, deed of trust, indenture or similar instrument shall cover the properties of such party as an entirety unless such party is an Affiliated successor in Interest as above; otherwise neither party shall assign the Sales Agreement or an of its rights thereunder unless it first shall have obtained the consent thereto in writing of the party.

Waiver of Default

No waiver by either party of any one or more defaults by the other in the performance of any provisions of the Sales Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
APPLICABLE TO DELIVERY RATE SCHEDULES ONLY

1. DELIVERIES OF CUSTOMER-OWNED GAS

Subject to the limitations of Company's pipeline capacity in its system, Company will accept deliveries of Customer's gas at the point(s) of receipt, less applicable retainage, for redelivery to Customer's facilities, in Mcf. Such gas volumes delivered to Company and redelivered to Customer shall be limited to the annual and maximum daily transportation volumes for each facility or, at Company's discretion, lesser volumes if Customer's expected requirements are projected to be less than stated contract quantities. These volume levels shall represent the actual expected requirements of Customer's facilities and may be exceeded only with the prior consent of Company.

N

The volumes of Customer-owned gas transported by Company, including banked volumes, to Customer at its facilities during each monthly billing cycle will be considered the first gas through the meter, as explained in Section 4, herein.

2. AUTHORIZED DAILY VOLUME

Customer's Authorized Daily Volume on any day consists of the sum of Customer's transported volumes (as determined herein) plus any contracted Daily Standby Service Volume the Customer has contracted for. Delivery of Customer's Authorized Daily Volume is firm, with no planned interruption, except as provided in Section 3 herein. Company may, but is not obligated, to provide additional gas volume that is in excess of the Authorized Daily Volume. These additional daily volumes shall be on a best efforts basis, and will be based on information available to Company. Consumption at Customer's facility in excess of the Authorized Daily Volume is interruptible service. In the event actual gas deliveries to Customer are in excess of the Authorized Daily Volume on any day on which the Company requires Customer to limit gas consumption to that Authorized Daily Volume, Customer shall be liable for all penalties, fines and charges incurred by Company as a result of Customer's deliveries in excess of its Authorized Daily Volume.

T

For purposes of this section, the portion of Customer's Authorized Daily Volume attributable to transported gas delivered to Company shall consist of two parts. The first part shall consist of volumes delivered at receipt points where the upstream transporter, producer, or other delivering entity does not report deliveries to Company on a daily basis. The portion of Customer's Authorized Daily Volumes attributable to this part shall be determined by dividing the volume of gas delivered to Customer in the month by the number of days in that month.

The second part shall consist of volumes delivered by upstream transporters which report Customer's deliveries to Company on a daily basis. If the upstream transporter's reporting system is acceptable to Company, Company may, at its option, utilize such system to determine Customer's deliveries on any day. If Company elects not to utilize such reporting system, it shall determine Customer's deliveries using the best information available, as determined by Company.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: September 2007 Billing Cycle
(August 29, 2007)

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
APPLICABLE TO DELIVERY SERVICE RATE SCHEDULES ONLY**

(Continued)

3. INTERRUPTION

Notwithstanding the provisions of Section 2 herein, all deliveries by Company to Customer, including Customer's Authorized Daily Volumes, are subject to partial or complete interruption during force majeure situations, herein defined to mean acts of God, strikes, lockouts, or other labor disturbances, acts of a public enemy, war, blockages, insurrections, riots, epidemics, fire, storms, floods, washouts, civic disturbances, explosions, breakage or accidents to machinery or pipelines, freezing of wells or pipelines, partial or entire failure of such wells, or any other cause not otherwise provided for herein, whether of the kind herein enumerated or otherwise, not reasonably within the control of Company. All deliveries are also subject to complete or partial interruption whenever service to residential and other high priority Customers in the same local market area is threatened or to protect the integrity of Company's natural gas distribution system.

In addition, where a transportation Customer delivers gas to Company at a receipt point which is located in a local market area other than the local market area in which Customer's facilities are located, such delivery shall be considered a delivery by displacement. Company may interrupt deliveries by displacement, up to 100%, where such interruption is necessary to prevent Company from exceeding contractual limitations with its interstate pipeline suppliers, including, but not limited to, any Maximum Daily Delivery Obligation (MDDO), provided, however, that Company will use its best efforts to make deliveries by displacement, and provided, further, that Company will not interrupt deliveries by displacement pursuant to this paragraph unless

- (A) such interruption is necessary to enable Company to maintain deliveries to high priority Customers in the same local market area, or
- (B) Company's interstate pipeline supplier has directed Company to limit its deliveries to the applicable MDDO in order to enable the supplier to maintain firm deliveries on its pipeline system.

When Company interrupts deliveries pursuant to this section, Customer will pay Company \$25 per Mcf as a result of any failure by Customer to interrupt its usage when directed to do so plus all fines and penalties incurred by Company as a result of Customer's failure to interrupt.

T

4. SUSPENSION OF DELIVERIES DURING GAS SUPPLY EMERGENCIES

Refer to Sheet No 57, Volumetric Limitations and Curtailment Provisions

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: September 2007 Billing Cycle
(August 29, 2007)

Issued by: Herbert A. Miller, Jr

President

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
 APPLICABLE TO DELIVERY SERVICE RATE SCHEDULES ONLY
 (Continued)**

5. BANKING AND BALANCING SERVICE

A. Election Customers must subscribe to the Banking and Balancing Service set forth on Rate Schedule DS and MLDS to be eligible for the provisions of this service described herein. Customers without daily metering equipment must subscribe to the Banking and Balancing Service. Daily usage and measurement can be obtained from an electronic meter device, or a charted meter device.

B. Cash-Out Customers who have installed daily metering equipment and who choose not to subscribe to Banking and Balancing Service will be placed on a daily cash-out provision, defined as follows. On days when Customer's deliveries are less than their usage, the Company will sell gas to the Customer at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmissions Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 120%. On days when Customer's deliveries are greater than their usage, Company may, at its option, purchase the excess deliveries at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmissions Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 80%.

C. Volume Bank Under the Banking and Balancing Service, Company has established a system to account for Customer's volumes received by Company but not delivered to Customer at its facilities during the same monthly billing cycle. Such undelivered volumes shall be called a volume bank and Customer shall be permitted to receive such banked volumes at a later date at Company's discretion. Customer will use its best effort to notify Company of a planned or expected significant change in its volume bank level before that change occurs. Customer may not utilize banked volumes during any period in which a consumption limitation or interruption has been imposed pursuant to Section 3 herein. The availability of Banking and Balancing Service under this Section is contingent upon the policies, practices, and procedures of Company's interstate pipeline suppliers. Company reserves the right to request Commission approval to modify the banking system, if the policies, practices, procedures of one or more of such interstate pipeline suppliers make it impracticable for Company to continue the Banking and Balancing Service system established herein.

D. Imbalances The total volume bank of Customer shall not at any time exceed a 'bank tolerance' of five percent (5%) of Customer's Annual Transportation Volume. If, at any time, Customer's volume bank exceeds the bank tolerance, Company will purchase the excess deliveries at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmission Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 80%. In addition, if the Customer's exceeded bank tolerance causes the Company to incur a storage overrun penalty, Customer is subject their proportionate share of any pipeline penalty. Any volumes of gas that are delivered by Company to Customer in any monthly billing cycle that are in excess of: (A) Customer's volume bank from the previous month, plus (B) any volumes delivered to Company by Customer for that billing cycle, plus (C) any Standby Service volumes available to Customer, shall be considered a deficiency in deliveries. All deficiencies in deliveries to Columbia will be billed to the Customer at the current month's average indexed price, as reported in PLATTS *Gas Daily* in the monthly report titled "Prices of Spot of Gas Delivered to Pipelines", under the column heading "Index" for "Columbia Gas Transmission Corp., Appalachia", adjusted for Columbia Gas Transmission Corporation's FTS Retainage and commodity charges, times 120%.

T
T
T
N
N
T
T
N
N

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: September 2007 Billing Cycle
 (August 29, 2007)

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
 APPLICABLE TO DELIVERY SERVICE RATE SCHEDULES ONLY
 (Continued)**

Company may also, on its own initiative, take such actions as are necessary to (1) immediately bring Customer's deliveries and consumption into balance or (2) reduce Customer's volume bank to a level which is equal or less than the bank tolerance permitted under this section. The Company further reserves the right to set limitations prior to, or during the course of a month, on how much gas can be scheduled by the Customer in an effort to control Customer's banking activity

E. Balancing Service Interruption ("BSI") Customers without Daily Metering are subject to Columbia's issuance of Balancing Service Interruptions (BSIs) that will direct Customers or their Agent to schedule confirmed supply volumes to match Columbia's estimate of their daily usage adjusted for contracted standby sales quantities and/or any balancing service quantities that may be available from Columbia. Columbia shall provide a BSI percentage and direct Customers or their Agents to schedule confirmed supply volume equal to plus or minus 3% of the BSI percentage times the Customers' Maximum Daily Volume (MDV). This is referred to as the BSI volume. Balancing Service Interruptions may require the scheduling of a BSI volume in excess of Customers' MDV when forecasted operating conditions exceed the Company's design criteria. Failure to comply with a BSI will result in the billing of the charges below assessed against the BSI difference. The BSI difference is defined as the shortfall between the BSI volume and actual daily supply deliveries during a cold weather BSI, and the overage between the BSI volume and the actual daily supply deliveries during a warm weather BSI.

- (A) Twenty-five dollars (\$25) per Mcf times the BSI difference; and
- (B) The payment of all other charges incurred by Columbia as a result of Customer noncompliance on the date of the BSI difference

Customers with Daily Metering are subject to Columbia's issuance of BSIs that will direct Customers or their Agents to adjust usage to match confirmed supply volumes or adjust confirmed supply to match usage adjusted for contracted standby sales quantities and/or balancing services quantities available from the Company. Failure to comply with a BSI will result in the billing of the following charges to the BSI difference, which is defined as the difference between the actual daily usage and the confirmed supply volume, plus or minus 3%:

- (A) Twenty-five dollars (\$25) per Mcf times the BSI difference; and
- (B) The payment of all other charges incurred by Columbia as a result of Customer noncompliance on the date of the BSI difference

F. Monthly Bank Transfers Monthly bank transfers will be permitted between one Customer/Agent ("transferor") and another Customer/Agent ("transferee") located within the same Columbia Gas Transmission Market Area and having confirmed deliveries on the same transmission pipeline. Transfers may also be permitted, solely at the discretion of the Company, between a transferor and a transferee located in different Columbia Gas Transmission Market Areas and having confirmed deliveries on the same transmission pipeline. All such transfers may only be requested once a month to be effective for the upcoming billing cycle and must be requested within three (3) business days after the conclusion of the Customers' monthly billing cycle.

G. Termination of Service In the event service hereunder is terminated, Company will deliver to Customer volumes of Customer's gas which Company is holding pursuant to this Volume Bank section during the three monthly billing cycles following the date of termination. However, should Customer fail to take delivery of its entire Volume Bank within the three-month period, Company may, at its option, retain and purchase the undelivered banked volumes. In addition, if Customer owes Company any outstanding gas transportation charges, or other charges which are due, Company may, at its option, offset said unpaid charges by retaining as necessary, banked volumes that would have otherwise been delivered to Customer upon termination of service. The value assigned to such retained bank volumes which are purchased or retained will be the cost of Company's least expensive gas supply at the time the gas was delivered to Company.

6. HEAT CONTENT ADJUSTMENT

When Company receives Customer's gas from an interstate pipeline on a dekatherm (one million Btu) basis, Company will make a heat content adjustment in accordance with the procedures set forth below in order to deliver to Customer volumes of gas, in Mcf, equal in heat content to the gas delivered to Company for the account of Customer. The average monthly heating value of gas measured and calculated by the pipeline which delivers Customer's gas to Company will be used each billing month to establish the heating value of the gas delivered by Company to Customer. However, if locally produced gas or gas from pipelines other than the delivering pipeline is introduced into Company's pipeline serving Customer's facilities, so as to raise a question as to the applicability of the heating value determined by the delivering pipeline, either

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: September 2007 Billing Cycle
 (August 29, 2007)

Issued by: Herbert A. Miller, Jr

President

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
APPLICABLE TO DELIVERY SERVICE RATE SCHEDULES ONLY
(Continued)**

14. PROVISION FOR HUMAN NEEDS

Customers who are Human Needs Customers are required to either have installed alternate fuel equipment or contract with Company for Daily Firm Volumes of 100% of their gas requirements. This requirement shall not apply to any meter that serves only uses which are not classified as Human Needs Customers.

15. DELIVERY SERVICE AGREEMENT

Before commencing service hereunder, Customer shall execute a service agreement in the form such as that contained within this tariff. The service agreement shall set forth among other things:

- (A) the point(s) of receipt at which Company will accept delivery of Customer's gas;
- (B) the point(s) at which Company will redeliver gas to Customer's facilities;
- (C) Customer's maximum daily and annual transportation volumes; and
- (D) the specific services and levels of such services for which Customer has contracted.

T

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

N,T

**SALES AGREEMENT
FOR IS AND IUS
RATE SCHEDULES**

AGREEMENT made and entered into as of the _____ day of _____, 20__ by and between COLUMBIA GAS OF KENTUCKY, INC., a Kentucky Corporation (hereinafter called Seller), and _____, a _____ Corporation (hereinafter called Buyer).

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. GAS TO BE SOLD

Seller hereby agrees to sell and deliver and Buyer hereby agrees to purchase and receive natural gas for use by Buyer in its operations at the delivery point specified herein and pursuant to the terms, conditions, and price stated in Seller's Rate Schedule(s) _____ on file with the Public Service Commission of Kentucky or any effective superseding Rate Schedule(s). The specific amounts contracted for herein shall be as follows:

Annual Volume*	Maximum Daily Volume*	Daily Firm Percentage %	Daily Firm Volume*	Daily Interruptible Percentage %	Daily Interruptible Volume*
_____	_____	_____	_____	_____	_____

* All Volumes in Mcf

SECTION 2. TERM

This agreement shall become effective on _____ and shall continue in effect until _____ and thereafter from year to year unless and until canceled by either Buyer or Seller giving written notice to the other no later than April 1, to become effective on November 1, of such year.

SECTION 3. DELIVERY POINT

The delivery point shall be at _____ (service address)
PCID # _____ PSID# _____

SECTION 4. NOTICES

Notices to Seller under this Agreement shall be addressed to it at:

and Notices to Buyer shall be addressed to it at:

SECTION 5. CANCELLATION OF PREVIOUS CONTRACTS

This Agreement supersedes and cancels, as of the effective date hereof, the Sales Agreement dated _____.
The parties hereto have accordingly and duly executed this Agreement.

COLUMBIA GAS OF KENTUCKY, INC:

BUYER

Name (Print)

Name (Print)

Signature
Witness:

Signature
Witness:

Name (Print)

Name (Print)

Signature

Signature

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**DELIVERY SERVICE AGREEMENT
FOR DS AND MLDS
RATE SCHEDULES**

T

N

Customer's Legal Corporate Name: _____	CONTRACT NO: _____
Customer DBA: _____	
Customer Group:(Name): _____ (Number) _____	
Billing Address: _____ Street City State Zip	
Telephone No. _____ Contact Person/Title _____	

THIS AGREEMENT, made and entered into as of the ____ day of _____, 20____, by and between COLUMBIA GAS OF KENTUCKY, INC., ("Company") and _____ ("Customer")

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. TRANSPORTATION SERVICE TO BE RENDERED. In accordance with the provisions of the effective applicable transportation rate schedule of Company's Tariff, on file with the Public Service Commission of Kentucky and the terms and conditions herein contained Company shall receive the quantities of gas requested by Customer to be transported and shall redeliver said gas to Customer's facilities. the point(s) of receipt, Customer facility location, the applicable Rate Schedule, and the service and levels of said services to be rendered, shall be set forth in Delivery Service Addendum of this Agreement

T

SECTION 2. INCORPORATION OF TARIFF PROVISIONS This Agreement in all respects shall be subject to the Company's Terms, Conditions, Rules and Regulations as contained in the tariff, as the same may be amended or superseded from time to time, which are incorporated herein by reference and made a part hereof.

SECTION 3. INTERRUPTION. Notwithstanding the provisions of Section 2 hereof, or any other provisions of Columbia's Tariff to the contrary, service under this agreement is conditioned upon the availability of capacity sufficient to provide the service without detriment or disadvantage to Columbia's existing customers, or any subsequent new higher priority customers. Therefore, Columbia, in its sole discretion, may interrupt deliveries of gas to Customer at any time

N

SECTION 4. REGULATION. This Agreement is contingent upon the receipt and continuation of all necessary regulatory approvals and authorizations. This Agreement shall become void or expire, as appropriate, if any necessary regulatory approval or authorization is not so received or continued

SECTION 5. TERM. This Agreement shall become effective as of the first day of Customer's next billing cycle following its execution and shall continue in effect thereafter for a minimum primary term of twelve (12) months, until October 31, 20____, and thereafter from year to year unless and until canceled by either Customer or Company giving written notice to the other no later than April 1, to become effective on November 1 of such year.

N

SECTION 6. NOTICES. Any notices, except those relating to billing or interruption of service, required or permitted to be given hereunder shall be effective only if delivered personally to an officer or authorized representative of the party being notified, or if mailed by certified mail to the address provided in the Delivery Service Addendum of this Agreement

T

SECTION 7. CANCELLATION OF PRIOR AGREEMENTS This Agreement supersedes and cancels, as of the effective date hereof, all previous two party transportation agreements between the parties for service to Customer's facilities served hereunder.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

**h FORM OF SERVICE AGREEMENT
 FOR DELIVERY SERVICE DS AND MLDS
 RATE SCHEDULES (Continued)**

DELIVERY SERVICE ADDENDUM

Customer Name: _____
 Effective Billing Month/Year: _____
 Addendum to Service Agreement Dated: _____

A. Point(s) of Receipt into Columbia Gas of Kentucky

Point(s) of Receipt with Interstate Pipelines:
 1) Interstate Pipeline: _____
 2) Other Point(s) of Receipt: _____
 Meter No : _____ Line No : _____ County: _____

B. Facility Address:

PCID: _____
 PSID: _____

C. Type of Business	D. Rate and Service Selections and Alternate Fuel Data: To be completed by Customer. *Notice of change must be received on or before April 1, to be effective for the following November billing month				
Description of Business: _____ _____	Delivery Rate Schedule: _____	Alternate Fuel Type: _____ Alternate Fuel %: _____	*Banking and Balancing Service <input type="checkbox"/> YES <input type="checkbox"/> NO	*Standby Service - Daily (Mcf) _____ (Subject to approval by Company)	*Standby Service - Annual (Mcf) _____ (Subject to approval by Company)

Customer Notices: (Mailing address for Contract) (Please Print)	Company Notices
Company Name:	Columbia Gas of Kentucky, Inc
dba (if applicable):	
Address:	
City, St, Zip:	
Attn:	Title:
Telephone #: () -	
Fax #: () -	
E-mail Address:	

IN WITNESS WHEREOF, the parties hereto have accordingly and duly executed this Addendum as of the date herein above first mentioned

CUSTOMER	COLUMBIA GAS OF KENTUCKY, INC.
By: _____ (Signature)	By: _____ (Signature)
Printed: _____	Printed: _____
Title: _____	Title: _____

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

GLOSSARY

Account includes all gas consumption which (1) is consumed by the same individual, governmental, or corporate entity, including subsidiaries and affiliates, and (2) occurs on property which is either contiguous or is separated by no more than the width of a public or private right-of-way.

Administrative Releases are capacity release transactions which are entered into to increase efficiency and reduce administration related to Columbia's purchase of certain system supplies.

Alternate Fuel Capabilities means Customer has installed alternate fuel equipment, access to other gas sources or has economically feasible access to other gas source

Annual Period means the twelve-month period beginning on the first day of Customer's November billing cycle and ending on the last day of Customer's October billing cycle.

Annual Volume shall mean the estimated consumption for the Customer for a 12-month period, as determined by the Company

Authorized Daily Volume means the volume of gas on any day that Columbia would deliver to Customer with no planned interruption of that volume

Billing Month is the period elapsed between consecutive monthly meter readings, whether actual or estimated

Btu is one (1) British Thermal Unit.

Capacity Release means FERC Order 636 provides companies, which have contractual entitlement to firm interstate pipeline transportation capacity, the opportunity to release such capacity on a temporary or permanent basis for a fee

Commercial Customer is a customer using gas service through a single meter in commercial activities such as apartment buildings, rooming and boarding dwellings, residential hotels, multi-family row housing, doubles, duplexes, combination commercial and residential accounts shall be considered commercial if commercial usage is half or more than half of the total service, and all other situations where gas is supplied to consumers in two or more dwelling units designed for the primary purpose of residences. Includes warehousing, distributing or selling commodities, providing professional services, wholesale and retail stores, offices, office buildings, hotels, clubs, lodges, associations, restaurants, warehouses, railroad and bus stations, banks, laundries, dry cleaners, mortuaries, garages for commercial activity, gasoline stations, theaters, bowling alleys, billiard parlors, motor courts, camps, bars, grills, taverns, retail bakeries, private hospitals, private schools, churches, religious and charitable institutions, governmental agencies, or the like.

Commission is the Kentucky Public Service Commission.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

GLOSSARY

Company is "Columbia Gas of Kentucky, Inc.," the entity who owns, controls, operates and manages facilities used in connection with the distribution or transportation of natural gas service.

Company's Billing Cycle means the Company's accounting revenue month.

Customer is any person, firm, corporation or body politic applying for or receiving service from the Company

Customer's Billing Cycle means the monthly period that occurs between monthly meter readings taken by Company for billing purposes at Customer's facilities.

Customer's Facilities means the Customer's property, factories, and buildings where natural gas is being consumed.

Customer's Maximum Daily Requirement means Customer's maximum estimated usage during any 24-hour period as determined by Company.

Daily Firm Volume is the portion of an Interruptible Service Customers Maximum Daily Volume requirements that Customer has chosen to purchase under a published rate schedule from Company which will make gas available at all times except when interruption is necessary due to Force Majeure conditions or where service to Human Needs Customers is threatened.

T

Day is a period of twenty-four (24) consecutive hours, beginning at 10:00 a.m.

Dekatherm or Dth means one million British thermal units (Btu's).

Firm Sales Service Volumes means the portion of an Interruptible Service Customer's requirements that Customer has chosen to purchase gas under a published sales rate schedule from Company on a firm regular basis.

T

Human Needs refers to residential Customers and all Customers whose facilities are used for residential dwellings on either a permanent or temporary basis (such as, but not limited to, apartment buildings, correctional institutions, hospitals, nursing homes, hotels and motels)

Industrial Customer is a customer using gas primarily in a process which either involves the extraction of raw materials from the earth, or a change of raw or unfinished materials into another form or product through the application of heat or heat treating, steam agitation, evaporation, baking, extraction, drying, distilling, etc.

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A Miller, Jr

President

COLUMBIA GAS OF KENTUCKY, INC.

GLOSSARY

Local Market Area means a continuous, physically-interconnected system of Company-owned distribution piping through which the Company provides natural gas service to Customers in a discrete geographic area, utilizing one or more common points of delivery from interstate pipeline supplier(s).

Maximum Daily Volume is the greatest volume of gas which Company shall be obligated to deliver to Customer and which Customer shall be entitled to receive from Company during any one day.

Mcf is the abbreviation for one thousand (1,000) cubic feet of gas.

Off-System Sales and exchanges are arrangements to sell gas to non-traditional customers. The term "off-system" is used because the transfer of title will occur at a point somewhere other than at Columbia's traditional customer meter locations.

Operational Sales are sales which are required during times of over supply to avoid other high costs such as pipeline penalties.

Opportunity Sales are sales which occur when prevailing market conditions, price volatility, system demand, and storage levels all combine to present opportunities to earn margins from off-system sales.

Points of Receipt means those measurement locations where Customer-owned gas is delivered into Company's system.

Residential Customer is a customer using gas in a single-family residential dwelling or unit for space heating, air conditioning, cooking, water heating, incineration, refrigeration, laundry drying, lighting, incidental heating, or other domestic purposes. Includes a tenant billed for natural gas consumption or use by other tenants at the same premises that are metered separately.

Standby Service means a type of Backup Service available to DS and MLDS Customers which will make the contracted quantities of gas available at all times except when interruption is necessary due to force majeure conditions or where service to human needs Customers is threatened.

T

DATE OF ISSUE: August 10, 2007

DATE EFFECTIVE: August 29, 2007

Issued by: Herbert A. Miller, Jr.

President

ATTACHMENT B
PROOF OF REVENUE

Columbia Gas of Kentucky
Case No. 2007-00008
Revenue Proof

Rate Code	Class Description	Number of Bills	Volumes (Mcf)	Proposed Rates	Proposed Revenue
<u>Sales Service</u>					
GSR	General Service - Residential				
	Customer Charge:	1,198,356		\$9.30	\$11,144,711
	All Gas Consumed		6,701,739.9	\$1.8715	\$12,542,306
G1C	LG&E Commercial				
	Customer Charge:	54		\$16.50	\$891
	All Gas Consumed		5,956.1	\$1.4968	\$8,915
G1R	LG&E Residential				
	Customer Charge:	401		\$8.50	\$3,409
	All Gas Consumed		2,872.2	\$1.5470	\$4,443
IN3	Inland Gas General Service - Residential				
	Customer Charge:	120		\$0.00	\$0
	All Gas Consumed		1,436.7	\$0.4000	\$575
IN3	Inland Gas General Service - Commercial				
	Customer Charge:	12		\$0.0000	\$0
	All Gas Consumed		76.9	\$0.4000	\$31
IN4	Inland Gas General Service - Residential				
	Customer Charge:	12		\$0.00	\$0
	All Gas Consumed		101.1	\$0.5500	\$56
IN5	Inland Gas General Service - Residential				
	Customer Charge:	60		\$0.00	\$0
	All Gas Consumed		675.4	\$0.6000	\$405
LG2	LG&E Residential				
	Customer Charge:	12		\$0.00	\$0
	All Gas Consumed		571.6	\$0.3500	\$200
LG2	LG&E Commercial				
	Customer Charge:	12		\$0.00	\$0
	All Gas Consumed		943.0	\$0.3500	\$330
LG3	LG&E Residential				
	Customer Charge:	12		\$1.20	\$14
	First 2 Mcf		22.8	\$0.0000	\$0
	Over 2 Mcf		467.6	\$0.3500	\$164
LG4	LG&E Residential				
	Customer Charge:	12		\$0.00	\$0
	All Gas Consumed		275.1	\$0.4000	\$110
GSO	General Service - Commercial				
	Customer Charge:	132,972		\$23.96	\$3,186,009
	First 1 Mcf		94,806.8	\$1.8715	\$177,431
	Next 49 Mcf		1,353,271.9	\$1.8715	\$2,532,648
	Next 350 Mcf		1,464,855.5	\$1.8153	\$2,659,152
	Next 600 Mcf		419,649.9	\$1.7296	\$725,826
	Over 1,000 Mcf		474,241.1	\$1.5802	\$749,396
GSO	General Service - Industrial				
	Customer Charge:	518		\$23.96	\$12,411
	First 1 Mcf		395.2	\$1.8715	\$740
	Next 49 Mcf		14,644.6	\$1.8715	\$27,407
	Next 350 Mcf		63,818.3	\$1.8153	\$115,849
	Next 600 Mcf		39,836.5	\$1.7296	\$68,901
	Over 1,000 Mcf		35,552.0	\$1.5802	\$56,179
IUS	Intrastate Utility Service - Wholesale				
	Customer Charge:	24		\$255.00	\$6,120
	All Gas Consumed		21,904.0	\$0.5905	\$12,934

Columbia Gas of Kentucky
Case No. 2007-00008
Revenue Proof

Rate Code	Class Description	Number of Bills	Volumes (Mcf)	Proposed Rates	Proposed Revenue
<u>Transportation Service</u>					
GTR	GTS Choice - Residential				
	Customer Charge:	325,805		\$9.30	\$3,029,987
	All Gas Consumed		2,091,711.7	\$1.8715	\$3,914,638
GTO	GTS Choice - Commercial				
	Customer Charge:	42,961		\$23.96	\$1,029,346
	First 1 Mcf		31,352.9	\$1.8715	\$58,677
	Next 49 Mcf		525,272.1	\$1.8715	\$983,047
	Next 350 Mcf		607,351.6	\$1.8153	\$1,102,525
	Next 600 Mcf		193,752.1	\$1.7296	\$335,114
	Over 1,000 Mcf		185,430.2	\$1.5802	\$293,017
GTO	GTS Choice - Industrial				
	Customer Charge:	108		\$23.96	\$2,588
	First 1 Mcf		102.2	\$1.8715	\$191
	Next 49 Mcf		4,094.0	\$1.8715	\$7,662
	Next 350 Mcf		19,055.7	\$1.8153	\$34,592
	Next 600 Mcf		16,851.3	\$1.7296	\$29,146
	Over 1,000 Mcf		12,498.6	\$1.5802	\$19,750
DS-IS	GTS Interruptible Service - Commercial				
	Customer Charge:	347		\$547.37	\$189,937
	Administrative Charge:	347		\$55.90	\$19,397
	First 30,000 Mcf		1,451,367.2	\$0.5467	\$793,462
	Over 30,000 Mcf		0.0	\$0.2905	\$0
DS-IS	GTS Interruptible Service - Industrial				
	Customer Charge:	554		\$547.37	\$303,243
	Administrative Charge:	554		\$55.90	\$30,969
	First 30,000 Mcf		4,873,093.0	\$0.5467	\$2,664,120
	Over 30,000 Mcf		2,701,723.0	\$0.2905	\$784,851
DS-SMITH	GTS Special Rate - Industrial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	First 30,000 Mcf		117,208.0	\$0.6368	\$74,638
	Over 30,000 Mcf		0.0	\$0.3384	\$0
DS-GS	GTS General Service - Commercial				
	Customer Charge:	216		\$23.96	\$5,175
	Administrative Charge:	216		\$55.90	\$12,074
	First 1 Mcf		216.0	\$1.8715	\$404
	Next 49 Mcf		10,576.0	\$1.8715	\$19,793
	Next 350 Mcf		73,116.1	\$1.8153	\$132,728
	Next 600 Mcf		99,428.4	\$1.7296	\$171,971
	Over 1,000 Mcf		69,902.7	\$1.5802	\$110,460
DS-GS	GTS General Service - Industrial				
	Customer Charge:	108		\$23.96	\$2,588
	Administrative Charge:	108		\$55.90	\$6,037
	First 1 Mcf		107.0	\$1.8715	\$200
	Next 49 Mcf		4,965.0	\$1.8715	\$9,292
	Next 350 Mcf		30,708.0	\$1.8153	\$55,744
	Next 600 Mcf		40,386.0	\$1.7296	\$69,852
	Over 1,000 Mcf		44,018.0	\$1.5802	\$69,557
DS3	GTS Main Line Service - Industrial				
	Customer Charge:	24		\$200.00	\$4,800

Columbia Gas of Kentucky
Case No. 2007-00008
Revenue Proof

Rate Code	Class Description	Number of Bills	Volumes (Mcf)	Proposed Rates	Proposed Revenue
	Administrative Charge:	24		\$55.90	\$1,342
	All Gas Consumed		208,083.0	\$0.0858	\$17,854
FX1	GTS Flex Rate - Commercial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	First 25,000 Mcf		195,837.7	\$0.1250	\$24,480
	Over 25,000 Mcf		0.0	\$0.1000	\$0
FX2	GTS Flex Rate - Industrial				
	Customer Charge:	10		\$200.00	\$2,000
	Administrative Charge:	10		\$55.90	\$559
	All Gas Consumed		11,855.0	\$0.1250	\$1,482
FX4	GTS Flex Rate - Industrial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	All Gas Consumed		144,672.0	\$0.3250	\$47,018
FX5	GTS Flex Rate - Industrial				
	Customer Charge:	34		\$200.00	\$6,800
	Administrative Charge:	34		\$55.90	\$1,901
	All Gas Consumed		5,152,027.0	\$0.0858	\$442,044
FX6	GTS Flex Rate - Industrial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	All Gas Consumed		244,692.0	\$0.0858	\$20,995
FX7	GTS Flex Rate - Industrial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$0.00	\$0
	First 25,000 Mcf		300,000.0	\$0.4500	\$135,000
	Over 25,000 Mcf		286,958.0	\$0.2500	\$71,740
SAS	GTS Special Agency Service				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	First 30,000 Mcf		49,380.6	\$0.5467	\$26,996
	Over 30,000 Mcf		0.0	\$0.2905	\$0
SC2	GTS Special Rate - Industrial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	All Gas Consumed		234,904.0	\$0.1300	\$30,538
SC3	GTS Special Rate - Industrial				
	Customer Charge:	12		\$200.00	\$2,400
	Administrative Charge:	12		\$55.90	\$671
	All Gas Consumed		3,239,241.0	\$0.1300	<u>\$421,101</u>
	Total Revenue, excluding gas costs				\$51,684,881
	Gas Costs				\$112,344,669
	EAP Revenue				\$509,141
	Other Gas Department Revenue				<u>\$982,466</u>
	TOTAL PROPOSED REVENUE				\$165,521,157
	TOTAL PRESENT REVENUE (SCHEDULE M, PAGE 2, LINE 8)				<u>\$158,276,796</u>
	Revenue Increase				\$7,244,361

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00008 DATED August 29, 2007

SUPPLEMENT TO
STIPULATION AND RECOMMENDATION

Dated August 21, 2007

Including:

Attachment C – Corrected Tariffs

Attachment D – Corrected GCA Calculation Pages

RECEIVED

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

AUG 21 2007
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF AN ADJUSTMENT)	
OF GAS RATES OF COLUMBIA GAS)	CASE NO. 2007-00008 ✓
OF KENTUCKY, INC.)	
NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF COLUMBIA GAS)	CASE NO. 2007-00347
OF KENTUCKY, INC.)	

SUPPLEMENT TO
STIPULATION AND RECOMMENDATION

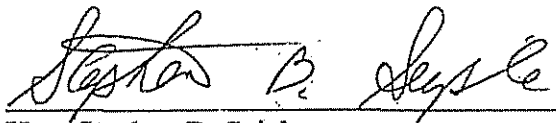
On August 10, 2007, the parties to this proceeding, namely Columbia Gas of Kentucky, Inc. ("Columbia"); the Attorney General of the Commonwealth of Kentucky; Lexington-Fayette Urban County Government; the Kentucky Industrial Utility Customers; and Interstate Gas Supply, Inc., filed a Stipulation and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

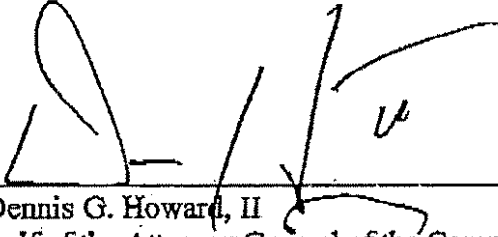
substituted for the tariff sheets of the same number that were filed as part of Attachment A to the Stipulation and Recommendation.

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.

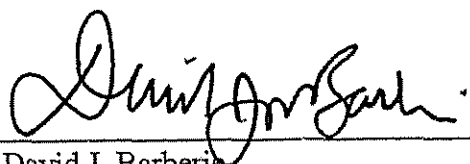
AGREED, this 21st day of August, 2007.

A handwritten signature in cursive script, reading "Stephen B. Seiple", is written over a horizontal line.

Hon. Stephen B. Seiple
Lead Counsel
On behalf of Columbia Gas of Kentucky, Inc.

A handwritten signature in black ink, appearing to read "Dennis G. Howard, II", is written over a horizontal line. The signature is stylized with a large initial "D" and a prominent "H".

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. Barberic". The signature is written in a cursive style with a prominent initial "D".

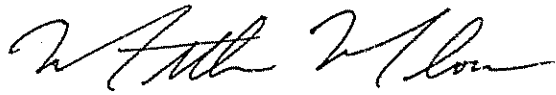
Hon. David J. Barberic

On behalf of the Lexington-Fayette Urban County Government

David F. Boehm

Hon. David F. Boehm

On behalf of the Kentucky Industrial Utility Customers

A handwritten signature in black ink, appearing to read "Matthew Malone". The signature is fluid and cursive, with the first name "Matthew" and last name "Malone" clearly distinguishable.

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
Office of the Attorney General
Utility and Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Matthew Malone
Hurt, Crosbie & May PLLC
The Equus Building
127 West Main Street
Lexington, Kentucky 40507
Attorney for Interstate Gas Supply, Inc.

Hon. David J. Barberie
Hon. Leslye M. Bowman
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

Hon. David F. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
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</u>	<u>Gas Cost Adjustment^{1/}</u>		<u>Total</u>
	<u>Charge</u>	<u>Demand</u>	<u>Commodity</u>	<u>Billing</u>
	\$	\$	\$	\$
RATE SCHEDULE GSR				
Customer Charge per billing period	9.30			9.30
Delivery Charge per Mcf	1.8715	1.0112	9.1820	12.0647
RATE SCHEDULE GSO				
<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
RATE SCHEDULE IS				
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
RATE SCHEDULE IUS				
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</u> Charge \$	<u>Gas Cost Adjustment^{1/}</u> Demand, \$	<u>Commodity</u> \$	<u>Total</u> Billing Rate \$	
<u>RATE SCHEDULE SS</u>					
Standby Service Demand Charge per Mcf					T
Demand Charge times Daily Firm					
Volume (Mcf) in Customer Service Agreement		6.5814		6.5814	T
Standby Service Commodity Charge per Mcf			9.1820	9.1820	I
<u>RATE SCHEDULE DS</u>					
Administrative Charge per account per billing period				55.90	
Customer Charge per billing period ^{2/}				547.37	N
Customer Charge per billing period (GDS only)				23.96	I
Customer Charge per billing period (IUDS only)				255.00	N
<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	N
Next 350 Mcf per billing period				1.8153	T
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	T,R
<u>RATE SCHEDULE MLDS</u>					
Administrative Charge per account each billing period				55.90	
Customer Charge per billing period				200.00	N
Delivery Charge per Mcf				0.0858	
Banking and Balancing Service					
Rate per Mcf		0.0207		0.0207	R
^{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

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

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
-----------------------------	-----------

^{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.

DATE OF ISSUE: August 21, 2007

DATE EFFECTIVE: August 29, 2007

ISSUED BY: Herbert A. Miller, Jr.

President

ATTACHMENT D

CORRECTED GCA CALCUATION PAGES

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

Revised Stipulation

Line No.	June-07 CURRENT	September-07 PROPOSED	DIFFERENCE
1	\$8.9201	\$8.2708	(\$0.6493)
2	\$1.3567	\$1.3647	\$0.0080
3	\$10.2768	\$9.6355	(\$0.6413)
4	(\$0.0002)	(\$0.0002)	\$0.0000
5	(\$1.1408)	\$0.0211	\$1.1619
6	(\$0.0065)	(\$0.0065)	\$0.0000
7	(\$1.9761)	\$0.5382	\$2.5143
8	\$0.0051	\$0.0051	\$0.0000
9	\$7.1583	\$10.1932	\$3.0349
10	\$0.0000	\$0.0000	\$0.0000
11	\$0.0208	\$0.0207	(\$0.0001)
12			
13	\$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 Sales	Net Applicable Sales	Average Expected Gas Cost	Gas Cost	Standby Service	Total Gas Cost	Cost of Gas Purchased	(OVER)/UNDER RECOVERY	Off System Sales	Capacity Release	information Only Marketed Capacity Release
		Per Books	Volumes	Volumes	Rate	Recovery	Recovery	Recovery	Purchased	RECOVERY	(Accounting)	Passback	Capacity Release
		Mcf	Mcf	Mcf	\$/Mcf	\$	\$	\$	\$	\$	\$	\$	\$
		(1)	(2)	(3)=(1)-(2)	(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									(\$2,456,882)			
15	Capacity Release									(\$175,755)			
16	Gas Cost Audit									\$0			
17	TOTAL (OVER)/UNDER-RECOVERY									<u>\$7,744,143</u>			
18	Demand Revenues Received									\$15,778,136			
19	Demand Cost of Gas 1/									<u>\$10,788,223</u>			
20	Demand (Over)/Under Recovery									<u>(\$4,989,913)</u>			
21	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008									<u>14,388,000</u>			
22	DEMAND ACA TO EXPIRE AUGUST 31, 2008									(\$0.3468)			
23	Commodity Revenues Received									\$98,247,315			
24	Commodity Cost of Gas									<u>\$110,981,349</u>			
25	Commodity (Over)/Under Recovery									<u>\$12,734,036</u>			
26	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2008									<u>14,388,000</u>			
27	COMMODITY ACA TO EXPIRE AUGUST 31, 2008									\$0.8850			
28	TOTAL ACA TO EXPIRE AUGUST 31, 2008									<u>\$0.5382</u>			

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

