

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. TO EXTEND ITS GAS) CASE NO. 2007-00517
PRICE HEDGING PLAN)

O R D E R

On December 13, 2007, Columbia Gas of Kentucky, Inc. (“Columbia”) filed an application to extend its natural gas price hedging plan for an additional 3-year period. Columbia’s current program was approved in Case No. 2004-00462¹ and allows Columbia to purchase a portion of its required winter gas volumes through futures contracts or by negotiating fixed prices in physical gas supply contracts with gas suppliers for future periods up to 2 years. There are no Intervenors in this case.

Columbia has requested no revisions to its existing hedging plan other than the requested extension. Columbia will continue to supply some of its winter natural gas needs through stored gas and the rest will be supplied through market priced gas and gas purchased under its Hedging Plan. In order to reduce its exposure to the fluctuations of winter prices for natural gas, Columbia locks in up to 50 percent of its non-storage winter needs through its Hedging Plan. Each year of the existing plan, Columbia was required to submit a report on its annual hedging activities. Columbia proposes to continue with the same reporting requirements.

¹ Case No. 2004-00462, The Application of Columbia Gas of Kentucky, Inc. to Implement a New Small Volume Gas Transportation Service, A Gas Price Hedging Plan, An Off-System Sales and Capacity Release Revenue Sharing Mechanism, and a Gas Cost Incentive Mechanism, Order dated March 29, 2005.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's request to continue its natural gas hedging plan for three more years should be approved.
2. Columbia should continue to file initial and final reports on its hedging activities as previously ordered.

IT IS THEREFORE ORDERED that:

1. Columbia's request to continue its natural gas hedging plan through March 31, 2012 is approved.
2. Columbia shall file initial and final reports as required by the Commission in its approvals of Columbia's previous hedging programs.

Done at Frankfort, Kentucky, this 7th day of March, 2008.

By the Commission

ATTEST:



Executive Director