

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF COLUMBIA)
GAS OF KENTUCKY, INC.) CASE NO. 2008-00157

O R D E R

On August 29, 2007, in Case No. 2007-00008,¹ the Commission approved rates for Columbia Gas of Kentucky, Inc. (“Columbia”) and provided for their further adjustment in accordance with Columbia’s gas cost adjustment (“GCA”) clause.

On April 30, 2008, Columbia filed its proposed GCA to be effective May 30, 2008. On May 8, 2008, Columbia revised its filing in order to correct its anticipated commodity cost of gas.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia’s notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Columbia’s revised Expected Gas Cost (“EGC”) is \$13.6742 per Mcf, an increase of \$2.9780 per Mcf from its last EGC of \$10.6962.
3. Columbia’s notice sets out a rate for Banking and Balancing Service of \$.0208 per Mcf.
4. Columbia’s notice sets out no Transportation Take-or-Pay Refund Adjustment.

¹ Case No. 2007-00008, Adjustment of Rates of Columbia Gas of Kentucky, Inc.

5. Columbia's notice sets out a current quarter supplier Refund Adjustment ("RA") of (\$.0010) per Mcf. Columbia's notice sets out a total RA of (\$.0063) per Mcf, which is an increase of \$.0055 per Mcf from the prior RA.

6. Columbia's notice sets out an annual Actual Cost Adjustment ("ACA") of \$.5382 per Mcf, which is no change from the previous rate.

7. Columbia's notice sets out a Balancing Adjustment ("BA") of (\$.5824) per Mcf, which is no change from the previous rate.

8. Columbia's notice sets out a Special Agency Service refund adjustment of (\$.0002) per Mcf, which is no change from the previous rate.

9. Columbia's notice sets out a Gas Cost Incentive Adjustment ("Incentive") of \$.0273 per Mcf, which is no change from the previous rate.

10. Columbia's approved Gas Cost Recovery rate ("GCR") is \$13.6508 per Mcf, which is \$2.9835 per Mcf more than its previous GCR of \$10.6673.

11. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of June 2008, beginning on May 30, 2008.

IT IS THEREFORE ORDERED that:

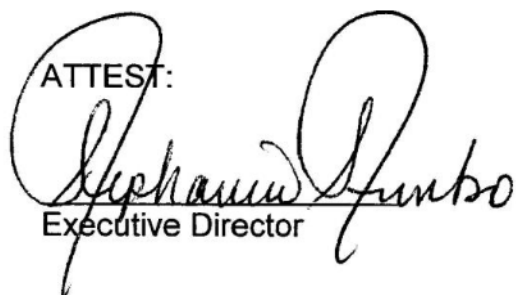
1. The rates in the Appendix to this Order are approved for billing with the final meter readings beginning on May 30, 2008.

2. Within 20 days of the date of this Order, Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 16th day of May, 2008.

By the Commission

ATTEST:

Handwritten signature of Stephanie Gumbo in cursive script.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00157 DATED MAY 16, 2008

The following rates and charges are prescribed for the customers in the area 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.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be \$13.6508 per Mcf effective May 30, 2008.