

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. 2008-00310

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 July 29, 2008, Columbia filed its proposed GCA to be effective August 28, 2008.

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 \$13.3599 per Mcf, a decrease of \$.3143 per Mcf from its last EGC of \$13.6742.
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 no current quarter supplier Refund Adjustment ("RA"). Columbia's notice sets out a total RA of (\$.0063) per Mcf, which is no change from the prior RA.

6. Columbia's notice sets out an annual Actual Cost Adjustment of \$1.4238 per Mcf, which is an increase of \$.8856 per Mcf from the previous rate.

7. Columbia's notice sets out a Balancing Adjustment of (\$.5782) per Mcf, which is an increase of \$.0042 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 of \$.0273 per Mcf, which is no change from the previous rate.

10. Columbia's approved Gas Cost Recovery rate ("GCR") is \$14.2263 per Mcf, which is \$.5755 per Mcf more than the previous GCR of \$13.6508.

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 September 2008, beginning on August 28, 2008.

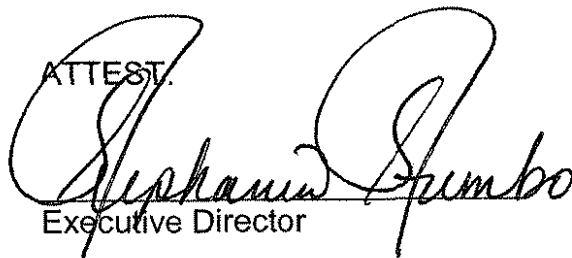
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for billing with the final meter readings beginning on August 28, 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 20th day of August, 2008.

By the Commission

ATTEST.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00310 DATED AUGUST 20, 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 \$14.2263 per Mcf effective August 28, 2008.