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MAY 11 2009

PUBLIC SERVICE
COMMISSION

May 8, 2009

Mr. Jeff Derouen
Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40602-0615

Re: Case No. 2009-00141

Dear Mr. Derouen:

Please file the enclosed *Amended Newspaper Notice of Columbia Gas of Kentucky, Inc.* with respect to the above-referenced case. Should you have any questions, please give me a call at 614.460.4680.

Sincerely,



Dan Creekmur
Attorney for
Columbia Gas of Kentucky, Inc.

Enclosure

Via Fax: 505.564.3460
UPS Overnight – Tracking #1Z 476 646 22 1036 6206

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 11 2009

PUBLIC SERVICE
COMMISSION

In the matter of adjustment of rates of Columbia)
Gas of Kentucky, Inc.) Case No. 2009-00141

AMENDED NEWSPAPER NOTICE
OF COLUMBIA GAS OF KENTUCKY, INC.

On May 1, 2009, Columbia Gas of Kentucky, Inc. ("Columbia") proposed to adjust its rates effective the thirty first day of May, 2009 in conformity with the Statement and Notice filed on that date. Columbia stated therein that it would comply with 807 KAR 5:011, Section 8(2) and 807 KAR 5:001, Section 10(3) and (4), by delivering to newspapers of general circulation in its service area, a copy of the Notice identified as Tab No. 11 in the filing requirements, for publication once a week for three consecutive weeks in a prominent manner, the first of said publications to be made within seven (7) days of May 1, 2009.

In order to fully comply with the language of 807 KAR 5:001, Section 10(3) and (4), Columbia has since struck the underlined language below, which is contained in the second paragraph of the sixth page of the Notice:

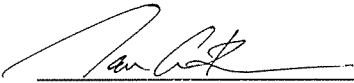
Any corporation, association, or person with a substantial interest in this matter may, by written request, within thirty (30) days after publication of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should be submitted to the Public Service Commission at the address listed below.

Accordingly, Columbia hereby submits the attached amended Notice that newspapers of general circulation will publish in the manner initially described in the Statement and Notice filed on May 1, 2009.

Dated at Columbus, Ohio, this eighth day of May, 2009.

Respectfully submitted,

COLUMBIA GAS OF KENTUCKY, INC.

By: 
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Counsel

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Attorneys for
COLUMBIA GAS OF KENTUCKY, INC.

NOTICE

Notice is hereby given that Columbia Gas of Kentucky, Inc., a Kentucky Corporation, has asked the Public Service Commission, Frankfort, Kentucky, for approval of an adjustment of rates to become effective May 31, 2009, for service rendered on and after May 31, 2009. The present rates charged in all territory served by Columbia are as follows:

	Base Rate <u>Charge</u> \$	Gas Cost Adjustment <u>Demand</u> \$	Gas Cost Adjustment <u>Commodity</u> \$	Total Billing <u>Rate</u> \$
<u>RATE SCHEDULES GS</u>				
Residential (GSR) ¹				
Customer Charge per billing period.	9.30			9.30
Delivery Charge per Mcf.	1.8715	1.2343	8.8881	11.9939
EAP Rider	0.0525			0.0525
NGR&D Rider	0.0124			0.0124
Commercial or Industrial (GSO) ¹				
Customer Charge per billing period.	23.96			23.96
Delivery Charge per Mcf				
First 50 Mcf per Mo.	1.8715	1.2343	8.8881	11.9939
Next 350 Mcf per Mo.	1.8153	1.2343	8.8881	11.9377
Next 600 Mcf per Mo.	1.7296	1.2343	8.8881	11.8520
Over 1,000 Mcf per Mo.	1.5802	1.2343	8.8881	11.7026
NGR&D Rider	0.0124			0.0124
<u>RATE SCHEDULE IS -</u>				
<u>INTERRUPTIBLE SALES SERVICE</u>				
Customer Charge per billing period.	547.37			547.37
Delivery Charge per Mcf				
First 30,000 Mcf	0.5467		8.8881	9.4348
Over 30,000 Mcf	0.2905		8.8881	9.1786
NGR&D Rider	0.0124			0.0124
Firm Service Demand Charge				
Demand Charge times Daily Firm Volumes (Mcf) in Customer Agreement		6.5672		6.5672
<u>RATE SCHEDULE IUS - INTRASTATE</u>				
<u>UTILITY SERVICE¹</u>				
Customer Charge per billing period.	255.00			255.00
Delivery Charge per Mcf.	0.5905	1.2343	8.8881	10.7129
NGR&D Rider	0.0124			0.0124

RATE SCHEDULE SS - STANDBY SERVICE

Standby Service Demand Charge per Mcf			
Demand Charge times Standby Service Volumes (Mcf) in Customer Agreement		6.5672	6.5672

RATE SCHEDULE DS - DELIVERY SERVICE

Administrative Charge per billing period	55.90		55.90
Customer Charge per billing period ²	547.37		547.37
Customer Charge - Grandfathered Service only	23.96		23.96
Customer Charge - Intrastate Utility only	255.00		255.00

Delivery Rate per Mcf²

First 30,000 Mcf	0.5467		0.5467
Over 30,000 Mcf	0.2905		0.2905

Delivery Rate - Grandfathered Service only

First 50 Mcf per Mo.	1.8715		1.8715
Next 350 Mcf per Mo.	1.8153		1.8153
Next 600 Mcf per Mo.	1.7296		1.7296
Over 1,000 Mcf per Mo.	1.5802		1.5802

Delivery Rate - Intrastate Utility only

All volumes per billing period	0.5905		0.5905
Banking and Balancing Service		0.0208	0.0208
NGR&D Rider	0.0124		0.0124

RATE SCHEDULE MLDS - MAINLINE DELIVERY SERVICE

Administrative Charge	55.90		55.90
Customer Charge per billing period	200.00		200.00
Delivery Rate Per Mcf	0.0858		0.0858
NGR&D Rider	0.0124		0.0124
Banking and Balancing Service		0.0208	0.0208

The proposed rates to be charged in all territory served by Columbia Gas of Kentucky, Inc. are as follows:

Base Rate Charge	Gas Cost Adjustment Demand	Gas Cost Adjustment Commodity	Total Billing Rate
\$	\$	\$	\$

RATE SCHEDULES GS

Residential (GSR)^{3,5} (Effective for first year only)

Customer Delivery Charge per Billing Period	17.92			17.92
Delivery Charge per Mcf	1.4604	1.2343	8.8881	11.5828
EAP Rider	0.0525			0.0525
NGR&D Rider	0.0124			0.0124
Gas Cost Uncollectible Charge	0.0964			0.0964
AMRP Rider	0.0000			0.0000
POM Rider	0.0000			0.0000

Residential (GSR)^{3,5} (Effective after first year only)

Customer Delivery Charge per Billing Period	26.53			26.53
Delivery Charge per Mcf.	0.0000	1.2343	8.8881	10.1224
EAP Rider ⁴	0.0525			0.0525
NGR&D Rider ⁴	0.0124			0.0124
Gas Cost Uncollectible Charge ⁴	0.0964			0.0964
AMRP Rider ⁴	0.0000			0.0000
POM Rider ⁴	0.0000			0.0000

Commercial or Industrial (GSO)^{3,5}

Customer Charge per billing period.	28.28			28.28
Delivery Charge per Mcf				
First 50 Mcf per Mo.	1.8715	1.2343	8.8881	11.9939
Next 350 Mcf per Mo.	1.8153	1.2343	8.8881	11.9377
Next 600 Mcf per Mo.	1.7296	1.2343	8.8881	11.8520
Over 1,000 Mcf per Mo.	1.5802	1.2343	8.8881	11.7026
NGR&D Rider	0.0124			0.0124
Gas Cost Uncollectible Charge	0.0964			0.0964
AMRP Rider	0.0000			0.0000
POM Rider	0.0000			0.0000

RATE SCHEDULE IS -
INTERRUPTIBLE SALES SERVICE

Customer Charge per billing period.	620.18			620.18
Delivery Charge per Mcf				
First 30,000 Mcf	0.5467		8.8881	9.4348
Over 30,000 Mcf	0.2905		8.8881	9.1786
NGR&D Rider	0.0124			0.0124
Firm Service Demand Charge				
Demand Charge times Daily Firm Volumes (Mcf) in Customer Agreement		6.5672		6.5672
Gas Cost Uncollectible Charge	0.0964			0.0964
AMRP Rider	0.0000			0.0000

POM Rider	0.0000			0.0000
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RATE SCHEDULE IUS - INTRASTATE
UTILITY SERVICE^{3,5}

Customer Charge per billing period.	331.50			331.50
Delivery Charge per Mcf	0.8729	1.2343	8.8881	10.9953
NGR&D Rider	0.0124			0.0124
Gas Cost Uncollectible Charge	0.0964			0.0964
AMRP Rider	0.0000			0.0000
POM Rider	0.0000			0.0000

RATE SCHEDULE SS - STANDBY
SERVICE

Standby Service Demand Charge per Mcf				
Demand Charge times Standby Service Volumes (Mcf) in Customer Agreement		6.5672		6.5672

RATE SCHEDULE DS - DELIVERY
SERVICE⁶

Administrative Charge per billing period	55.90			55.90
Customer Charge per billing period ²	620.18			620.18
Customer Charge - Grandfathered Service only	28.28			28.28
Customer Charge - Intrastate Utility only	331.50			331.50

Delivery Rate per Mcf²

First 30,000 Mcf	0.5467			0.5467
Over 30,000 Mcf	0.2905			0.2905

Delivery Rate - Grandfathered Service
only

First 50 Mcf per Mo.	1.8715			1.8715
Next 350 Mcf per Mo.	1.8153			1.8153
Next 600 Mcf per Mo.	1.7296			1.7296
Over 1,000 Mcf per Mo.	1.5802			1.5802

Delivery Rate - Intrastate Utility only

All volumes per billing period	0.8729			0.8729
Banking and Balancing Service		0.0208		0.0208
NGR&D Rider	0.0124			0.0124
AMRP Rider	0.0000			0.0000
POM Rider	0.0000			0.0000

RATE SCHEDULE MLDS - MAINLINE
DELIVERY SERVICE

Administrative Charge	55.90			55.90
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Customer Charge per billing period	200.00		200.00
Delivery Rate Per Mcf	0.0858		0.0858
NGR&D Rider	0.0124		0.0124
Banking and Balancing Service		0.0208	0.0208
POM Rider	0.0000		0.0000

MISCELLANEOUS TARIFF CHANGES

Miscellaneous Fees

Columbia is proposing to increase the following charges as indicated:

	<u>Current</u>	<u>Proposed</u>
Reconnect Charge (after nonpayment of bills or for violation of tariff)	\$25.00	\$60.00

Reconnect Charge (after disconnection at customer request)– GS	<u>Current</u>	<u>Proposed</u>
GS Residential (GSR) (<i>Effective for first year only</i>)	\$74.40	\$143.36
GS Residential (GSR) (<i>Effective after first year only</i>)	\$74.40	\$212.24
GS Commercial or Industrial (GSO)	\$191.68	\$226.24

Late Payment Penalty

Columbia is proposing to assess a late payment penalty of 5%, only once if a customer fails to pay bill by the due date shown on Customer’s bill for Residential Service in the same manner as it currently does for Commercial and Industrial service.

IMPACT OF PROPOSED RATES

The foregoing proposed rates designed to recover Columbia’s revenue deficiency reflect an increase of approximately 7.03% to Columbia. The estimated amount of increase per customer class is as follows:

Residential	\$9,927,944	9.93%
Commercial	\$1,160,537	2.06%
Industrial	\$57,300	0.78%
Wholesale	\$9,084	4.30%
Other	\$410,865	60.08%

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows:

Residential	\$6.73	8.2%
Commercial	\$7.21	1.9%
Industrial	\$33.05	0.9%
Wholesale	\$378.40	4.3%

The rates contained in this notice are the rates proposed by Columbia; however, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. In addition to the adjustment of rates described above, Columbia is also seeking Public Service Commission approval of the following:

- the implementation of an Accelerated Main Replacement Program (“AMRP”) rider that would enable Columbia to recover its costs as it accelerates the replacement of the aging pipes and facilities on Columbia’s system in order to maintain safe and reliable service for customers.
- a change in Columbia’s rate design for the GSR and residential SVGTS rate schedules, which would replace, after a one-year phase-in period, the current Customer Charge and volumetric rate with a fixed Customer Delivery Charge.
- the implementation of a Demand Side Management (“DSM”) program to encourage customers to conserve their consumption of natural gas and help reduce their natural gas energy bills, along with an automatic Energy Efficiency Conservation (EEC) adjustment mechanism to recover the costs of the program. Pursuant to KRS 278.285, Columbia is permitted to recover estimated costs associated with its DSM program. The proposed monthly EEC rider for residential customers is \$0.76 and is \$0.00 for commercial customers per meter per billing period and are not reflected in the rates designed to recover Columbia’s base rate revenue deficiency.
- the implementation of an automatic Pension and OPEB Mechanism (POM) adjustment clause that would permit Columbia to recover pension and other post-employment benefit expenses.
- The implementation of a Gas Cost Uncollectible Charge to recover the amount of uncollectible expense attributable to Columbia’s commodity cost of gas billed to customers.
- the implementation of a Price Protection Service and a Negotiated Sales Service that will permit Columbia to offer customers a fixed or index price commodity service option in place of the Gas Cost Adjustment.

Any corporation, association, or person may, by written request, within thirty (30) days after publication of this notice of the proposed rate changes, request to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Requests to intervene should be submitted to the Public Service Commission at the address listed below.

Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Cynthia Benham at:

Columbia Gas of Kentucky, Inc.
2001 Mercer Road
Lexington, Kentucky 40511-1018
(859) 288-0261

Any person may examine the rate application and any other filings made by Columbia at the offices of Columbia or the Commission, as listed below:

Columbia Gas of Kentucky, Inc.
2001 Mercer Road
Lexington, Kentucky 40511-1018
1-800-432-9345

Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602
(502) 564-3940

¹ Customers taking Small Volume Gas Transportation Service are charged the base rate charge and all applicable riders only.

² Applicable to all Rate Schedule DS customers except those served under Grandfathered or Intrastate Utility provisions

³ Customers electing Small Volume Gas Transportation Service are not charged the gas cost adjustment or Gas Cost Uncollectible Charges.

⁴ Riders and gas cost rates after the first year will be determined by subsequent filings subject to Public Service Commission approval. Only the fixed Customer Delivery Charge and Delivery Charge Per Mcf effective after the first year will be determined in this filing.

⁵ Customers electing Price Protection Service (PPS) are not charged the gas cost or the Gas Cost Uncollectible Charge. PPS customers will be charged a fixed or indexed commodity option.

⁶ Customers electing Negotiated Sales Service (NSS) are not charged the gas cost or the Gas Cost Uncollectible Charge. NSS customers will be charged a fixed or indexed commodity option.