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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

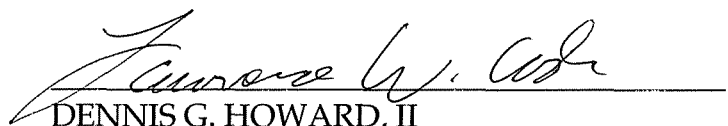
APPLICATION OF COLUMBIA GAS OF)
KENTUCKY, INC. FOR AN ADJUSTMENT) Case No. 2009-00141
OF RATES FOR GAS SERVICE)

ATTORNEY GENERAL'S RESPONSES TO DISCOVERY
REQUESTS OF COMMISSION STAFF

Comes now the Attorney General of the Commonwealth of Kentucky, by
and through his Office of Rate Intervention, and states as follows for his
responses to the discovery requests of the Commission Staff.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that the responses set forth herein are true and accurate to the best of his knowledge, information, and belief formed after a reasonable inquiry. Counsel further certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to:

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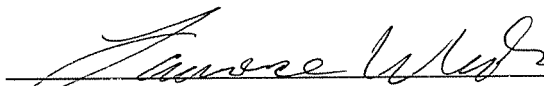
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this 24th day of August, 2009


Assistant Attorney General

**Attorney General's Responses to Kentucky Public Service Commission's
Requests for Information to the Attorney General
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Robert Henkes

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QUESTION 1. Refer to pages 16-18 of the Direct Testimony and Exhibits of Robert J. Henkes ("Henkes Testimony"). Mr. Henkes recommends that a 25-year period be the basis for Columbia Gas of Kentucky's ("Columbia") weather normalization adjustment, citing the Commission's approval of a 25-year period in the most recent gas rate case of Duke Energy Kentucky, Inc. ("Duke Energy," formerly The Union Light, Heat and Power Company ("ULH&P")).¹

a. Mr. Henkes participated in Case No. 2005-00042 on behalf of the AG. What time periods were proposed in that case by ULH&P and the AG as the basis for the company's weather normalization adjustment?

b. The language in the December 22, 2005 Order authorizing the use of a 25-year period for ULH&P stated, "The Commission finds that the use of 25 years, a period that has been accepted in other cases, is appropriate *in this instance*." (Emphasis added.) Given this specific language, explain in detail why Mr. Henkes assumes that it is now the Commission's "ratemaking policy to weather normalize a utility's sales for ratemaking purposes based on the most recent 25-year normalization period."

RESPONSE:

- a. In Case No. 2005-00042, ULH&P proposed the 10-year period 1991 – 2000 as the basis for its proposed weather normalization adjustment. AG witness David Brown Kinloch recommended the 30-year period 1975 – 2004 (the most recent available 30-year period) as the basis for his recommended weather normalization adjustment.
- b. Mr. Henkes is aware that the PSC qualified its 25-year weather normalization ruling in Case No. 2005-00042 by stating that the ruling was appropriate in that particular case. However, given that Case No. 2005-00042 is the most recent fully litigated gas rate case in Kentucky in which the Commission made a ruling on the time period to be used for weather normalization purposes, and given that the Commission also ruled in that same Order that "The use of 25 years produces, in our opinion, a more representative overall result," Mr. Henkes assumed that this ruling represents current PSC ratemaking policy.

¹ Case No. 2005-00042, The Union Light, Heat and Power Company (Ky. PSC Dec. 22, 2005).

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WITNESS RESPONSIBLE:

Robert Henkes

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QUESTION 2. Refer to page 28 of the Henkes Testimony. Mr. Henkes states that Columbia's near-future uncollectible rate will average at a level lower than what the company proposed due to improving economic conditions and the impact of the residential late payment fee taking effect. Explain whether Mr. Henkes, on behalf of the AG, is suggesting that the residential late payment fee be approved by the Commission.

RESPONSE: It is Mr. Henkes' understanding that AG's rate design witness, Glenn Watkins, has not taken exception to the late payment fee proposed by Columbia in this case because the Commission has previously allowed this kind of charge.

**Attorney General's Responses to Kentucky Public Service Commission's
Requests for Information to the Attorney General
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Robert Henkes

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QUESTION 3. Refer to pages 40-44 of the Henkes Testimony regarding Columbia's income tax expense, specifically, Mr. Henkes' proposal to base Columbia's federal income expense on filing a consolidated income tax return. On page 43, Mr. Henkes cites the Commission's decision to reflect the use of a consolidated income tax filing in Case No. 2004-001 03 involving Kentucky-American Water Company ("Kentucky-American").² Explain whether that is the only case of which Mr. Henkes is aware in which the Commission has required the recognition of a consolidated federal tax return.

RESPONSE: Yes. The referenced KAWC rate case, Case No. 2004-00103, is the only case of which Mr. Henkes is aware in which the Commission has required the recognition of a consolidated federal tax return.

² Case No. 2004-00103, Kentucky-American Water Company (Ky. PSC Feb. 28, 2005).

**Attorney General's Responses to Kentucky Public Service Commission's
Requests for Information to the Attorney General
Case No. 2009-00141**

WITNESS RESPONSIBLE:

Robert Henkes

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QUESTION 4. Refer to the discussion on pages 45-52 of the Henkes Testimony regarding Columbia's proposed treatment of pension and other post-employment benefits expenses. Mr. Henkes opposes Columbia's request to defer the difference between its annual expenses and the amount included in its base rates for recovery through a separate rate rider. However, he accepts Columbia's proposed expense of \$1,772,186 for rate-making purposes, although he characterizes this as a "very high annual rate recovery level." This "very high" level is based solely on actuarial estimates for calendar year 2009. Explain why accepting this level of expense is not contradictory to the reasoning given by Mr. Henkes, on page 28 of his testimony, for why it is not reasonable to use the "high level" calendar year 2008 uncollectible rate to calculate his adjustment to Columbia's uncollectible expenses.

RESPONSE: Mr. Henkes chose to be conservative in his approach to the level of pension and OPEB expenses in this case and, therefore, has not taken exception to the pension and OPEB expense estimates determined by Hewitt Associates LLC, the Company's actuary. However, Mr. Henkes generally determines normalized expenses that are not currently known and measurable through an historic averaging approach, as he has done with uncollectible expenses in this case. As shown on page 5 of Ms. Konold's testimony, during the most recent 6 years (including the estimated results for 2009), the Company's total pension and OPEB expenses have been as follows:

2004	\$ 920,452
2005	\$ 871,132
2006	\$ 606,730
2007	\$ 537,585
2008	\$ 377,127
2009	\$1,772,186

A 6-year average would indicate a total normalized annual expense level of around \$717,000.

**Attorney General's Responses to Kentucky Public Service Commission's
Requests for Information to the Attorney General
Case No. 2009-00141**

Response

WITNESS RESPONSIBLE:

Michael Majoros

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QUESTION 5. Refer to pages 3-5 of the Direct Testimony of Michael J. Majoros, Jr. ("Majoros Testimony"). Mr. Majoros states that he is making three adjustments to Columbia's proposed depreciation expense: (1) elimination of the proposed change to the Equal Life Group ("ELG") procedure; (2) elimination of future inflation from the cost-of-removal component of Columbia's proposed depreciation rates; and (3) removal of the portion of the depreciation reserve that relates to over-collections of the future cost of removal from the rate calculation.

a. It appears, based on his proposed adjustments, that Mr. Majoros proposes \$5,081,896 as Columbia's adjusted test year depreciation expense, although this amount is only shown in total on Sch. RJ-13 to the Henkes Testimony. Provide a schedule, in the form used in Columbia's response to AG Request No. 1-117, that is cited on page 10 of the Majoros Testimony and shows the derivation of the \$5,081,896 in annual depreciation expense.

b. Provide a modified version of the schedule provided in response to part a. of this request that does not reflect the impact of Mr. Majoros' adjustment to eliminate the change to the ELG procedure but does reflect the impact of the other two adjustments he proposes.

c. Provide a modified version of the schedule provided in response to part a. of this request that reflects the impact of Mr. Majoros' adjustment to eliminate the change to the ELG procedure, but does not reflect the impact of the other two adjustments he proposes.

d. Provide a modified version of the schedule provided in response to part a. of this request that does not reflect the impact of Mr. Majoros' adjustment to eliminate future inflation from the cost-of-removal component of Columbia's depreciation rates but does reflect the impact of the other two adjustments he proposes.

e. Provide a modified version of the schedule provided in response to part a. of this request that reflects the impact of Mr. Majoros' adjustment to eliminate future inflation from the cost-of-removal component of Columbia's depreciation rates but does not reflect the impact of the other two adjustments he proposes.

f. Provide a modified version of the schedule provided in response to part a. of this request that does not reflect the impact of Mr. Majoros' adjustment to remove the portion of the depreciation reserve that relates to over-collections of the future cost of removal but does reflect the impact of his other two adjustments.

**Attorney General's Responses to Kentucky Public Service Commission's
Requests for Information to the Attorney General
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g. Provide a modified version of the schedule provided in response to part a. of this request that reflects the impact of Mr. Majoros' adjustment to remove the portion of the depreciation reserve that relates to over-collections of the future cost of removal but does not reflect the impact of the other two adjustments he proposes.

RESPONSE:

5.a. Although Mr. Henkes schedule shows \$5,081,896 Mr. Majoros' Exhibit____ (MJM-4) page 2, column 8 shows \$5,089,063. That is the number Mr. Majoros ultimately calculated. It appears that somewhere along the line, Snavely King communicated the lower number to Mr. Henkes. At this time, we are not able to reconcile the \$7,147 difference. I will use MJM-4 to respond to the rest of Staff's questions.

5.b. to 5.g. See attachments with requested calculations.

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNAVELY KING RECOMMENDATIONS

Depreciable Group (1)	Original Cost at December 31, 2008 (2)	Accumulated Depreciation (3)	Survivor Curve (4)	PV Future Net Salvage (5)	ASL Composite Remaining Life (6)	Future Book Accruals (7)	Calculated Annual Accrual Amount (8)=(7)/(6)	Rate (9)=(8)/(2)	Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(3)-(10)
DEPRECIABLE PLANT										
DISTRIBUTION PLANT										
374.4	Land and Land Rights									
374.5	Land Rights	555,085	70-R2.5	-	54.6	430,589	7,886	1.42	122,119	2,377
	Rights-of-Way	2,668,349	75-S4	-	61.1	1,994,636	32,645	1.22	494,534	179,179
	Total Account 374	3,223,434				2,425,225	40,532	1.26	616,653	181,556
375.34	Structures and Improvements	732,655	47-S0.5	(2.45)	31.7	412,628	13,017	1.78	244,340	93,620
375.7	Measuring and Regulating									
	Other Distribution System	7,000,103	Square	-	35.2	4,944,611	140,472	2.01	2,027,672	1/ 27,820
	Other Buildings	179,280	94-S1.5	-	22.0	113,465	5,158	2.88	63,275	2,540
	Distribution System Structures	7,179,384				5,058,077	145,629	2.03	2,090,947	30,360
	Total Account 375.70									
375.8	Communication Structures	33,261	30-R3	-	10.8	7,475	692	2.08	21,257	4,499
	Total Account 375	7,945,299				5,478,179	159,338	2.01	2,356,574	128,479
376	Mains									
	Cast Iron	287,300	68-R1.5	(6.96)	16.2	49,463	3,053	1.06	234,097	23,749
	Bare Steel	18,226,236	68-R1.5	(6.00)	16.7	3,400,504	203,623	1.12	14,575,103	1,344,218
	Coated Steel	38,761,932	68-R1.5	(0.73)	55.2	29,747,587	538,906	1.39	7,349,314	1,946,331
	Plastic	79,314,159	68-R1.5	(1.13)	57.3	64,241,309	1,121,140	1.41	12,821,821	3,350,314
	Total Account 376	136,589,627				97,438,862	1,866,722	1.37	34,780,336	6,664,612
378	Meas and Reg Sta. Equip. - General	4,838,300	38-S0	(2.43)	27.3	2,561,938	93,844	1.94	1,395,457	988,434
379.1	Meas and Reg Sta. Equip. - City Gate	257,909	27-S1	(5.62)	11.2	10,590	946	0.37	159,406	102,407
380	Services	80,363,820	39-R1.5	(12.70)	30.8	56,553,589	1,836,155	2.28	19,043,313	14,974,952
381	Meters	11,782,894	37-R1.5	-	24.6	7,718,827	313,773	2.66	3,948,862	115,205
382	Meter Installations	7,818,665	37-S2	(2.42)	23.6	4,811,026	203,857	2.61	2,900,094	296,603
383	House Regulators	3,575,312	35-S2	(1.54)	28.7	2,651,649	92,392	2.58	653,463	325,240
384	House Regulator Installations	2,327,988	32-R4	-	19.4	687,285	35,427	1.52	916,645	724,058
385	Industrial Meas and Reg Equipment	2,717,197	32-O1	(1.21)	26.9	1,861,337	69,195	2.55	438,274	450,346
387.2	Other Equipment									
	Odorization	28,895	25-R2.5	(4.36)	2.6	63,444	24,402	84.45	27,018	(60,308)
387.4	Customer Information Services	3,224,773	30-R2	(1.60)	21.5	1,945,550	90,491	2.81	928,342	402,610
	Total Account 387	3,253,668				2,008,994	114,892	3.53	955,360	342,302
	TOTAL DISTRIBUTION PLANT	264,694,113				184,207,501	4,827,073	1.82	68,164,439	25,304,193

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNAVELY KING RECOMMENDATIONS

Depreciable Group (1)	Original Cost at December 31, 2008 (2)	Accumulated Depreciation (3)	Survivor Curve (4)	PV Future Net Salvage (5)	ASL Composite Remaining Life (6)	Future Book Accruals (7)	Calculated		Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(3)-(10)
							Annual Amount (8)=(7)/(6)	Rate (9)=(9)/(2)		
GENERAL PLANT										
391.1 Office Furniture and Equipment	1,213,530	860,914	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(692)
391.11 Equipment	13,816	3,345	15-SQ	-	11.4	10,471	919	6.65	3,316	29
391.12 Information Systems Fully Amortized	17,258	17,258	5-SQ	-	-	0	-	-	17,258	(0)
	252,456	161,244	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)
	269,714	178,502				91,212	50,673	18.79	178,830	(328)
Total Account 391	1,497,060	1,042,761				454,299	112,987	7.51	1,043,752	(991)
392.2 Transportation Equipment - Trailers	116,618	43,612	25-S3	-	16.2	73,006	4,507	3.86	41,050	2,562
Tools, Shop and Garage Equipment										
394 Equipment	1,974,686	940,265	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314
394.11 CNG Facilities	335,308	208,194	12-S3	-	2.1	127,114	60,531	18.05	276,629	(68,495)
Total Account 394	2,309,994	1,148,459				1,161,535	139,494	6.04	1,216,580	(68,121)
395 Laboratory Equipment	10,308	4,760	20-SQ	-	10.8	5,548	514	4.98	4,742	18
396 Power Operated Equipment	653,814	552,542	15-S1.5	-	-	101,272	-	-	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290	3,290	15-SQ	-	-	0	-	-	-	3,290
	75,642	51,822	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)
	78,932	55,112				23,820	5,068	6.42	51,941	3,171
TOTAL GENERAL PLANT	4,666,727	2,847,246				1,819,481	261,970	5.61	2,358,064	489,182
TOTAL DEPRECIABLE PLANT	269,360,840	96,315,878				186,026,982	5,089,043	1.89	70,522,503	25,793,375

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:

Col. (1), (2), (4) and (6) from response to AG 1-117.
Col. (3) from pages 5-6.
Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	% (9)=(8)/(4)	\$ (8)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
				3,223,434					
				<i>Total Account 374</i>					
375.34	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
375.7	71	401	4.54%	7,000,103	35.2	0	-	-	-
	71	401	4.54%	179,280	22.0	0	-	-	-
				7,179,384					
				<i>Total Account 375.70</i>					
375.8	71	401	4.54%	33,261	10.8	0	-	-	-
				7,945,299			(73,265)	(17,933)	
				<i>Total Account 375</i>					
376	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
				136,589,627			(20,488,444)	(2,294,183)	
				<i>Total Account 376</i>					
378	73	551	5.32%	4,838,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
380	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
381	89	261	2.80%	11,782,894	24.6	0	-	-	-
382	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
383	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
384	69	658	5.95%	2,327,988	19.4	0	-	-	-
385	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
				<i>Total Account 378</i>					
387.2	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
387.4	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
				3,253,668			(162,683)	(52,989)	
				<i>Total Account 387</i>					
				264,694,113			(70,548,798)	(12,982,020)	
				<i>Total Account 385</i>					
TOTAL DISTRIBUTION PLANT									

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1 Furniture	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11 Equipment	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
391.12 Information Systems									
Fully Amortized	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
Amortized	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714					
<i>Total Account 391</i>				1,497,060					
392.2 Transportation Equipment - Trailers	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
Tools, Shop and Garage Equipment									
394 Equipment	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
394.11 CNG Facilities	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
				2,309,994					
<i>Total Account 394</i>									
395 Laboratory Equipment	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396 Power Operated Equipment	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398 Miscellaneous Equipment	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
Fully Amortized	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
Amortized				78,932					
TOTAL GENERAL PLANT				4,666,727			163,454		
TOTAL DEPRECIABLE PLANT				269,360,840			(70,385,344)		(12,982,020)

1/ Starting year was 1978. Used total plant index.

2/ Used total plant.

Sources:

Cols. (1) and (2) from Handy Whitman Index.
Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
DEPRECIABLE PLANT			
DISTRIBUTION PLANT			
Land and Land Rights			
374.4 Land Rights	124,496	-	124,496
374.5 Rights-of-Way	673,713	-	673,713
Total Account 374	798,209	-	798,209
Structures and Improvements			
375.34 Measuring and Regulating	371,756	33,796	337,960
375.7 Other Distribution System	2,055,492	-	2,055,492
Other Buildings	65,815	-	65,815
Distribution System Structures	2,121,307	-	2,121,307
Total Account 375.70	25,786	-	25,786
375.8 Communication Structures	2,518,849	33,796	2,485,053
Total Account 375			
376 Mains	285,212	27,366	257,846
Cast Iron	17,608,856	1,689,535	15,919,321
Bare Steel	10,282,203	986,557	9,295,646
Coated Steel	17,667,276	1,695,141	15,972,135
Plastic	45,843,547	4,398,599	41,444,948
Total Account 376			
378 Meas and Reg Sta. Equip. - General	2,513,586	119,695	2,393,891
379.1 Meas and Reg Sta. Equip. - City Gate	261,813	-	261,813
380 Services	51,026,459	17,008,194	34,018,265
381 Meters	4,064,067	-	4,064,067
382 Meter Installations	3,356,529	159,832	3,196,697
383 House Regulators	1,027,633	48,930	978,703
384 House Regulator Installations	1,640,703	-	1,640,703
385 Industrial Meas and Reg Equipment	933,051	44,431	888,620
Other Equipment			
387.2 Odorization	(33,290)	-	(33,290)
387.4 Customer Information Services	1,330,952	-	1,330,952
Total Account 387	1,297,662	-	1,297,662
TOTAL DISTRIBUTION PLANT	115,282,108	21,813,476	93,468,632

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
GENERAL PLANT			
Office Furniture and Equipment			
391.1 Furniture	860,914	-	860,914
391.11 Equipment	3,345	-	3,345
391.12 Information Systems			
Fully Amortized	17,258	-	17,258
Amortized	161,244	-	161,244
	<u>178,502</u>	<u>-</u>	<u>178,502</u>
<i>Total Account 391</i>	1,042,761	-	1,042,761
392.2 Transportation Equipment - Trailers	43,612	-	43,612
Tools, Shop and Garage Equipment			
394 Equipment	940,265	-	940,265
394.11 CNG Facilities	208,194	-	208,194
	<u>1,148,459</u>	<u>-</u>	<u>1,148,459</u>
395 Laboratory Equipment	4,760	-	4,760
396 Power Operated Equipment	552,542	-	552,542
398 Miscellaneous Equipment	3,290	-	3,290
Fully Amortized	51,822	-	51,822
Amortized	<u>55,112</u>	<u>-</u>	<u>55,112</u>
TOTAL GENERAL PLANT	2,847,246	-	2,847,246
TOTAL DEPRECIABLE PLANT	118,129,354	21,813,476	96,315,878

70,522,503

Sources:

Cols. (1) and (2) from response to AG 1-117.
Col. (3) from response to AG 1-171.

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNAVELY KING RECOMMENDATIONS WITH ELG

Depreciable Group (1)	Original Cost at December 31, 2008 (2)	Accumulated Depreciation (3)	Survivor Curve (4)	PV Future Net Salvage (5)	Spanos ELG Composite Remaining Life (6)	Future Book Accruals (7)	Spanos		Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(3)-(10)
							Calculated Annual Accrual Amount (8)=(7)/(6)	Rate (9)=(8)/(2)		
GENERAL PLANT										
391.1 Office Furniture and Equipment	1,213,530	860,914	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(692)
391.11 Furniture	13,816	3,345	15-SQ	-	11.4	10,471	919	6.65	3,316	29
391.12 Information Systems										
Fully Amortized	17,258	17,258	5-SQ	-	-	0	-	-	17,258	(0)
Amortized	252,456	161,244	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)
	269,714	178,502				91,212	50,673	18.79	178,830	(328)
<i>Total Account 391</i>	1,497,060	1,042,761				454,299	112,387	7.51	1,043,752	(991)
392.2 Transportation Equipment - Trailers	116,618	43,612	25-S3	-	14.6	73,006	5,000	4.29	48,513	(4,901)
Tools, Shop and Garage Equipment										
394 Equipment	1,974,686	940,265	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314
394.11 CNG Facilities	335,308	208,194	12-S3	-	1.9	127,114	66,902	19.95	282,218	(74,024)
	2,309,994	1,148,459				1,161,535	145,866	6.31	1,222,168	(73,709)
<i>Total Account 394</i>										
395 Laboratory Equipment	10,308	4,760	20-SQ	-	10.8	5,548	514	4.98	4,742	18
396 Power Operated Equipment	653,814	552,542	15-S1.5	-	-	101,272	-	-	-	552,542
398 Miscellaneous Equipment										
Fully Amortized	3,290	3,290	15-SQ	-	-	0	-	-	-	3,290
Amortized	75,642	51,822	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)
	78,932	55,112				23,820	5,068	6.42	51,941	3,171
TOTAL GENERAL PLANT	4,666,727	2,847,246				1,819,481	268,835	5.76	2,371,116	476,130
TOTAL DEPRECIABLE PLANT	<u>269,360,840</u>	<u>96,315,878</u>				<u>186,026,962</u>	<u>6,509,660</u>	2.42	<u>118,894,332</u>	<u>(22,578,455)</u>

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:

Col. (1), (2), (4) and (6) from response to AG 1-117.
Col. (3) from pages 5-6.
Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4 Land and Land Rights	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5 Land Rights	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
<i>Total Account 374</i>				<u>3,223,434</u>					
375.34 Structures and Improvements	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
375.7 Measuring and Regulating									
Other Distribution System	71	401	4.54%	7,000,103	35.2	0	-	-	-
Other Buildings	71	401	4.54%	179,280	22.0	0	-	-	-
Distribution System Structures				<u>7,179,384</u>					
<i>Total Account 375.70</i>									
375.8 Communication Structures	71	401	4.54%	33,261	10.8	0	-	-	-
<i>Total Account 375</i>				<u>7,945,299</u>			<u>(73,265)</u>	<u>(17,933)</u>	
376 Mains									
Cast Iron	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
Bare Steel	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
Coated Steel	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
Plastic	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
<i>Total Account 376</i>				<u>136,589,627</u>			<u>(20,488,444)</u>	<u>(2,294,183)</u>	
378 Meas and Reg Sta. Equip. - General	73	551	5.32%	4,838,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1 Meas and Reg Sta. Equip. - City Gate	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
380 Services	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
381 Meters	89	261	2.80%	11,782,894	24.6	0	-	-	-
382 Meter Installations	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
383 House Regulators	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
384 House Regulator Installations	69	658	5.95%	2,327,988	19.4	0	-	-	-
385 Industrial Meas and Reg Equipment	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
387.2 Other Equipment									
387.4 Odorization	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
Customer Information Services	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
<i>Total Account 387</i>				<u>3,253,668</u>			<u>(162,683)</u>	<u>(52,989)</u>	
TOTAL DISTRIBUTION PLANT				264,694,113			(70,548,798)	(12,982,020)	

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1 Furniture	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11 Equipment	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
391.12 Information Systems Fully Amortized	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714					
<i>Total Account 391</i>				1,497,060					
392.2 Transportation Equipment - Trailers	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
394 Tools, Shop and Garage Equipment	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
394.11 Equipment	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
				2,309,994					
<i>Total Account 394</i>									
395 Laboratory Equipment	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396 Power Operated Equipment	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398 Miscellaneous Equipment Fully Amortized	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
				78,932					
TOTAL GENERAL PLANT				4,666,727			163,454	-	-
TOTAL DEPRECIABLE PLANT				269,360,840			(70,385,344)	(12,982,020)	

1/ Starting year was 1978. Used total plant index.

2/ Used total plant.

Sources:

Cols. (1) and (2) from Handy Whitman Index.
 Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
 FROM BOOK RESERVES
 AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
DEPRECIABLE PLANT			
DISTRIBUTION PLANT			
	Land and Land Rights	-	124,496
374.4	Land Rights	-	673,713
374.5	Rights-of-Way	-	798,209
	<i>Total Account 374</i>		
	Structures and Improvements	33,796	337,960
375.34	Measuring and Regulating	-	2,055,492
375.7	Other Distribution System	-	65,815
	Other Buildings	-	2,121,307
	Distribution System Structures	-	
	<i>Total Account 375.70</i>		
375.8	Communication Structures	-	25,786
	<i>Total Account 375</i>	33,796	2,485,053
376	Mains		
	Cast Iron	27,366	257,846
	Bare Steel	1,689,535	15,919,321
	Coated Steel	986,557	9,295,646
	Plastic	1,695,141	15,972,135
	<i>Total Account 376</i>	4,398,599	41,444,948
378	Meas and Reg Sta. Equip. - General	119,695	2,393,891
379.1	Meas and Reg Sta. Equip. - City Gate	-	261,813
380	Services	17,008,194	34,018,265
381	Meters	-	4,064,067
382	Meter Installations	159,832	3,196,697
383	House Regulators	48,930	978,703
384	House Regulator Installations	-	1,640,703
385	Industrial Meas and Reg Equipment	44,431	888,620
	Other Equipment		
387.2	Odorization	-	(33,290)
387.4	Customer Information Services	-	1,330,952
	<i>Total Account 387</i>	-	1,297,662
TOTAL DISTRIBUTION PLANT			
		115,282,108	21,813,476
			93,468,632

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
GENERAL PLANT			
Office Furniture and Equipment			
391.1 Furniture	860,914	-	860,914
391.11 Equipment	3,345	-	3,345
Information Systems			
391.12 Fully Amortized	17,258	-	17,258
Amortized	161,244	-	161,244
	178,502	-	178,502
<i>Total Account 391</i>	1,042,761	-	1,042,761
392.2 Transportation Equipment - Trailers	43,612	-	43,612
Tools, Shop and Garage Equipment			
394 Equipment	940,265	-	940,265
394.11 CNG Facilities	208,194	-	208,194
<i>Total Account 394</i>	1,148,459	-	1,148,459
395 Laboratory Equipment	4,760	-	4,760
396 Power Operated Equipment	552,542	-	552,542
398 Miscellaneous Equipment	3,290	-	3,290
Fully Amortized	51,822	-	51,822
	55,112	-	55,112
TOTAL GENERAL PLANT	2,847,246	-	2,847,246
TOTAL DEPRECIABLE PLANT	118,129,354	21,813,476	96,315,878

70,522,503

Sources:

Cols. (1) and (2) from response to AG 1-117.

Col. (3) from response to AG 1-171.

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNARELY KING RECOMMENDATIONS NO ELG, NO NET SALVAGE ADJUSTMENTS

Depreciable Group (1)	Original Cost at December 31, 2008 (2)	Accumulated Depreciation (3)	Survivor Curve (4)	Spanos Future Net Salvage (5)	ASL Composite Remaining Life (6)	Future Book Accruals (7)	Calculated Annual Accrual Amount (8)=(7)/(6)	Rate (9)=(8)/(2)	Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(3)-(10)
GENERAL PLANT										
Office Furniture and Equipment										
391.1 Furniture	1,213,530	860,914	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(992)
391.11 Equipment	13,816	3,345	15-SQ	-	11.4	10,471	919	6.65	3,316	29
391.12 Information Systems Fully Amortized	17,258	17,258	5-SQ	-	-	0	-	-	17,258	(0)
	252,456	161,244	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)
	269,714	178,502				91,212	50,673	18.79	178,830	(328)
Total Account 391	1,497,060	1,042,761				454,299	112,387	7.51	1,043,752	(991)
392.2 Transportation Equipment - Trailers	116,618	43,612	25-S3	-	16.2	73,006	4,507	3.86	41,050	2,562
Tools, Shop and Garage Equipment										
394 Equipment	1,974,686	940,265	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314
394.11 CNG Facilities	335,308	208,194	12-S3	-	2.1	127,114	60,531	18.05	276,629	(68,435)
	2,309,994	1,148,459				1,161,555	139,494	6.04	1,216,580	(68,121)
Total Account 394	2,309,994	1,148,459				1,161,555	139,494	6.04	1,216,580	(68,121)
395 Laboratory Equipment	10,308	4,760	20-SQ	-	10.8	5,548	514	4.98	4,742	18
396 Power Operated Equipment	653,814	552,542	15-S1.5	(25.00)	-	264,726	-	-	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290	3,290	15-SQ	-	-	0	-	-	-	3,290
	75,642	51,822	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)
	78,932	55,112				23,820	5,068	6.42	51,941	3,171
TOTAL GENERAL PLANT	4,666,727	2,847,246				1,982,935	261,970	5.61	2,358,064	489,182
TOTAL DEPRECIABLE PLANT	269,360,840	118,129,354				221,943,737	6,051,452	2.25	82,953,887	35,175,467

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:

Cols. (1), (2), (4) and (6) from response to AG 1-117.
Col. (3) from pages 5-6.
Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
				3,223,434					
				<i>Total Account 374</i>					
375.34	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
375.7	71	401	4.54%	7,000,103	35.2	0	-	-	-
	71	401	4.54%	179,280	22.0	0	-	-	-
				7,179,384					
				<i>Total Account 375.70</i>					
375.8	71	401	4.54%	33,261	10.8	0	-	-	-
				7,945,299			(73,265)	(17,933)	
				<i>Total Account 375</i>					
376	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
				136,589,627			(20,488,444)	(2,294,183)	
				<i>Total Account 376</i>					
378	73	551	5.32%	4,838,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
	89	261	2.80%	11,782,894	24.6	0	-	-	-
	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
	69	658	5.95%	2,327,988	19.4	0	-	-	-
	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
				<i>Total Account 378</i>					
385	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
387.2	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
387.4				3,253,668			(162,688)	(52,989)	
				<i>Total Account 387</i>					
				264,694,113			(70,548,798)	(12,982,020)	
				<i>Total Account 388</i>					
				TOTAL DISTRIBUTION PLANT					

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1 Furniture	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11 Equipment	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
391.12 Information Systems									
Fully Amortized	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
Amortized	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714					
				1,497,060					
392.2 Transportation Equipment - Trailers	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
Tools, Shop and Garage Equipment									
394 Equipment	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
394.11 CNG Facilities	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
				2,309,994					
395 Laboratory Equipment	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396 Power Operated Equipment	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398 Miscellaneous Equipment	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
Fully Amortized	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
Amortized				78,932					
				4,666,727			163,454		
TOTAL GENERAL PLANT									
TOTAL DEPRECIABLE PLANT				269,360,840			(70,385,344)		(12,982,020)

1/ Starting year was 1978. Used total plant index.

2/ Used total plant.

Sources:

Cols. (1) and (2) from Handy Whitman index.
Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
 FROM BOOK RESERVES
 AS OF DECEMBER 31, 2008

	(1) Depreciable Group	(2) Book Reserve	(3) COR Regulatory Liability	(4)=(2)-(3) Accumulated Depreciation
DEPRECIABLE PLANT				
DISTRIBUTION PLANT				
	Land and Land Rights	124,496	-	124,496
374.4	Land Rights	673,713	-	673,713
374.5	Rights-of-Way	798,209	-	798,209
	<i>Total Account 374</i>			
	Structures and Improvements			
375.34	Measuring and Regulating	371,756	-	371,756
375.7	Other Distribution System	2,055,492	-	2,055,492
	Other Buildings	65,815	-	65,815
	Distribution System Structures	2,121,307	-	2,121,307
	<i>Total Account 375.70</i>			
375.8	Communication Structures	25,786	-	25,786
	<i>Total Account 375</i>	2,518,849	-	2,518,849
376	Mains			
	Cast Iron	285,212	-	285,212
	Bare Steel	17,608,856	-	17,608,856
	Coated Steel	10,282,203	-	10,282,203
	Plastic	17,667,276	-	17,667,276
	<i>Total Account 376</i>	45,843,547	-	45,843,547
378	Meas and Reg Sta. Equip. - General	2,513,586	-	2,513,586
379.1	Meas and Reg Sta. Equip. - City Gate	261,813	-	261,813
380	Services	51,026,459	-	51,026,459
381	Meters	4,064,067	-	4,064,067
382	Meter Installations	3,356,529	-	3,356,529
383	House Regulators	1,027,633	-	1,027,633
384	House Regulator Installations	1,640,703	-	1,640,703
385	Industrial Meas and Reg Equipment	933,051	-	933,051
387.2	Other Equipment			
	Odorization	(33,290)	-	(33,290)
387.4	Customer Information Services	1,330,952	-	1,330,952
	<i>Total Account 387</i>	1,297,662	-	1,297,662
	TOTAL DISTRIBUTION PLANT	115,282,108	-	115,282,108

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
GENERAL PLANT			
Office Furniture and Equipment	860,914	-	860,914
391.1 Furniture	3,345	-	3,345
391.11 Equipment			
391.12 Information Systems Fully Amortized	17,258	-	17,258
Amortized	161,244	-	161,244
	178,502	-	178,502
<i>Total Account 391</i>	1,042,761	-	1,042,761
392.2 Transportation Equipment - Trailers	43,612	-	43,612
Tools, Shop and Garage Equipment			
394 Equipment	940,265	-	940,265
394.11 CNG Facilities	208,194	-	208,194
<i>Total Account 394</i>	1,148,459	-	1,148,459
395 Laboratory Equipment	4,760	-	4,760
396 Power Operated Equipment	552,542	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290	-	3,290
Amortized	51,822	-	51,822
	55,112	-	55,112
TOTAL GENERAL PLANT	2,847,246	-	2,847,246
TOTAL DEPRECIABLE PLANT	118,129,354	-	118,129,354

70,522,503

Sources:

Cols. (1) and (2) from response to AG 1-117.

Col. (3) from response to AG 1-171.

47,606,851

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNARELY KING RECOMMENDATIONS NO INFLATION ADJUSTMENT

	Depreciable Group (1)	Original Cost at December 31, 2008 (2)	Accumulated Depreciation (3)	Survivor Curve (4)	Spanos Future Net Salvage (5)	ASL Composite Remaining Life (6)	Future Book Accruals (7)	Calculated Annual Accrual Amount (8)=(7)/(6)	Rate (9)=(8)/(2)	Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(9)-(10)
DEPRECIABLE PLANT											
DISTRIBUTION PLANT											
	Land and Land Rights										
374.4	Land Rights	555,085	124,496	70-R2.5	-	54.6	430,589	7,886	1.42	122,119	2,377
374.5	Rights-of-Way	2,868,349	673,713	75-S4	-	61.1	1,994,636	32,645	1.22	494,534	179,179
	<i>Total Account 374</i>	<u>3,223,434</u>	<u>798,209</u>				<u>2,425,225</u>	<u>40,532</u>	<u>1.26</u>	<u>616,653</u>	<u>181,556</u>
	Structures and Improvements										
375.34	Measuring and Regulating	732,655	337,960	47-S0.5	(10.00)	31.7	467,960	14,762	2.01	262,353	75,607
375.7	Other Distribution System										
	Other Buildings	7,000,103	2,055,492	Square	-	35.2	4,944,611	140,472	2.01	2,027,672	1/ 27,820
	Distribution System Structures	179,280	65,815	34-S1.5	-	22.0	113,465	5,158	2.88	63,275	2,540
	<i>Total Account 375.70</i>	<u>7,179,384</u>	<u>2,121,307</u>				<u>5,058,077</u>	<u>145,629</u>	<u>2.03</u>	<u>2,090,947</u>	<u>30,360</u>
375.8	Communication Structures	33,261	25,786	30-R3	-	10.8	7,475	692	2.08	21,287	4,499
	<i>Total Account 375</i>	<u>7,945,299</u>	<u>2,485,053</u>				<u>5,533,511</u>	<u>161,084</u>	<u>2.03</u>	<u>2,374,587</u>	<u>110,466</u>
376	Mains										
	Cast Iron	287,300	257,846	68-R1.5	(15.00)	16.2	72,549	4,478	1.56	251,684	6,163
	Bare Steel	18,226,236	15,919,321	68-R1.5	(15.00)	16.7	5,040,851	301,847	1.66	15,812,600	106,721
	Coated Steel	38,761,932	9,295,646	68-R1.5	(15.00)	55.2	35,280,577	639,141	1.65	8,390,818	904,827
	Plastic	79,314,159	15,972,135	68-R1.5	(15.00)	57.3	75,239,147	1,313,074	1.66	14,352,364	1,619,772
	<i>Total Account 376</i>	<u>136,589,627</u>	<u>41,444,948</u>				<u>115,633,123</u>	<u>2,258,541</u>	<u>1.65</u>	<u>38,807,465</u>	<u>2,637,483</u>
378	Meas and Reg Sta. Equip. - General	4,838,300	2,393,891	38-S0	(10.00)	27.3	2,928,239	107,261	2.22	1,498,600	895,292
379.1	Meas and Reg Sta. Equip. - City Gate	257,909	261,813	27-S1	(10.00)	11.2	21,887	1,954	0.76	166,017	95,796
380	Services	80,363,820	34,018,265	39-R1.5	(60.00)	30.8	94,563,847	3,070,255	3.82	27,035,213	6,983,052
381	Meters	11,782,894	4,064,067	37-R1.5	-	24.6	7,718,827	313,773	2.66	3,948,862	115,205
382	Meter Installations	7,818,665	3,196,697	37-S2	(10.00)	23.6	5,403,835	228,976	2.93	3,114,787	81,910
383	House Regulators	3,575,312	978,703	35-S2	(5.00)	28.7	2,775,375	96,703	2.70	675,734	302,969
384	House Regulator Installations	2,327,988	1,640,703	32-R4	-	19.4	687,285	35,427	1.52	916,645	724,058
385	Industrial Meas and Reg Equipment	2,717,197	888,620	32-O1	(5.00)	26.9	1,964,436	73,027	2.69	454,706	433,914
387.2	Other Equipment										
	Odorization	28,895	(33,290)	25-R2.5	(5.00)	2.6	63,630	24,473	84.70	27,184	(60,474)
387.4	Customer Information Services	3,224,773	1,330,952	30-R2	(5.00)	21.5	2,055,059	95,594	2.96	959,370	371,582
	<i>Total Account 387</i>	<u>3,253,668</u>	<u>1,297,662</u>				<u>2,118,689</u>	<u>120,057</u>	<u>3.69</u>	<u>986,554</u>	<u>311,108</u>
TOTAL DISTRIBUTION PLANT											
		264,694,113	93,468,632				241,774,279	6,507,591	2.46	80,595,823	12,872,808

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNARELY KING RECOMMENDATIONS NO INFLATION ADJUSTMENT

Depreciable Group (1)	Original Cost at December 31, 2008 (2)	Accumulated Depreciation (3)	Survivor Curve (4)	Spanos Future Net Salvage (5)	ASL Composite Remaining Life (6)	Future Book Accruals (7)	Calculated Annual Accrual Amount (8)=(7)/(6)	Rate (9)=(8)/(2)	Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(3)-(10)
GENERAL PLANT										
391.1	Office Furniture and Equipment	1,213,530	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(692)
391.11	Furniture	13,816	15-SQ	-	11.4	10,471	919	6.65	3,316	29
391.12	Information Systems	17,258	5-SQ	-	-	0	-	-	17,258	(0)
	Fully Amortized	252,456	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)
	Amortized	269,714				91,212	50,673	18.79	178,830	(328)
	<i>Total Account 391</i>	1,497,060				454,299	112,387	7.51	1,043,752	(991)
392.2	Transportation Equipment - Trailers	116,618	25-S3	-	16.2	73,006	4,507	3.86	41,050	2,562
394	Tools, Shop and Garage Equipment	1,374,686	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314
394.11	Equipment	335,308	12-S3	-	2.1	127,114	60,531	18.05	276,629	(68,435)
	CNG Facilities	2,309,994				1,161,555	139,494	6.04	1,216,580	(68,121)
	<i>Total Account 394</i>									
395	Laboratory Equipment	10,308	20-SQ	-	10.8	5,548	514	4.98	4,742	18
396	Power Operated Equipment	653,814	15-S1.5	(25.00)	-	264,726	-	-	-	552,542
398	Miscellaneous Equipment	3,290	15-SQ	-	-	0	-	-	-	3,290
	Fully Amortized	75,642	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)
	Amortized	78,932				23,820	5,068	6.42	51,941	3,171
	TOTAL GENERAL PLANT	4,666,727				1,982,935	261,970	5.61	2,358,064	489,182
	TOTAL DEPRECIABLE PLANT	<u>269,360,840</u>				<u>243,757,214</u>	<u>6,769,560</u>	2.51	<u>82,953,887</u>	<u>13,361,990</u>

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:
Cols. (1), (2), (4) and (6) from response to AG 1-117.
Col. (3) from pages 5-6.
Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4 Land and Land Rights	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5 Land Rights	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
<i>Total Account 374</i>				<u>3,223,434</u>					
375.34 Structures and Improvements	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
375.7 Measuring and Regulating									
Other Distribution System	71	401	4.54%	7,000,103	35.2	0	-	-	-
Other Buildings	71	401	4.54%	179,280	22.0	0	-	-	-
Distribution System Structures				<u>7,179,384</u>					
<i>Total Account 375.70</i>									
375.8 Communication Structures	71	401	4.54%	33,261	10.8	0	-	-	-
<i>Total Account 375</i>				<u>7,945,299</u>			<u>(73,265)</u>	<u>(17,933)</u>	
376 Mains									
Cast Iron	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
Bare Steel	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
Coated Steel	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
Plastic	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
<i>Total Account 376</i>				<u>136,589,627</u>			<u>(20,488,444)</u>	<u>(2,294,183)</u>	
378 Meas and Reg Sta. Equip. - General	73	551	5.32%	4,638,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1 Meas and Reg Sta. Equip. - City Gate	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
380 Services	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
381 Meters	89	261	2.80%	11,782,894	24.6	0	-	-	-
382 Meter Installations	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
383 House Regulators	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
384 House Regulator Installations	69	658	5.95%	2,327,988	19.4	0	-	-	-
385 Industrial Meas and Reg Equipment	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
Other Equipment									
387.2 Odorization	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
387.4 Customer Information Services	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
<i>Total Account 387</i>				<u>3,253,668</u>			<u>(162,683)</u>	<u>(52,989)</u>	
TOTAL DISTRIBUTION PLANT				264,694,113			(70,548,796)	(12,982,020)	

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969	1/1/2009	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
	Cost Index (1)	Cost Index (2)				% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
391.12 Information Systems									
	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714					
				1,497,060					
392.2	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
394 Tools, Shop and Garage Equipment									
	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
				2,309,994					
395	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
				78,932					
				4,666,727			163,454		
TOTAL GENERAL PLANT									
TOTAL DEPRECIABLE PLANT									
				269,360,840			(70,385,344)		(12,982,020)

1/ Starting year was 1978. Used total plant index.
2/ Used total plant.

Sources:
Cols. (1) and (2) from Handy Whitman Index.
Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
DEPRECIABLE PLANT			
DISTRIBUTION PLANT			
374.4 Land and Land Rights	124,496	-	124,496
374.5 Land Rights	673,713	-	673,713
<i>Total Account 374</i>	<u>798,209</u>	-	<u>798,209</u>
375.34 Structures and Improvements	371,756	33,796	337,960
375.7 Measuring and Regulating			
Other Distribution System	2,055,492	-	2,055,492
Other Buildings	65,815	-	65,815
Distribution System Structures			
<i>Total Account 375.70</i>	<u>2,121,307</u>	-	<u>2,121,307</u>
375.8 Communication Structures	25,786	-	25,786
<i>Total Account 375</i>	<u>2,518,849</u>	<u>33,796</u>	<u>2,485,053</u>
376 Mains			
Cast Iron	285,212	27,366	257,846
Bare Steel	17,608,856	1,689,535	15,919,321
Coated Steel	10,282,203	986,557	9,295,646
Plastic	17,667,276	1,695,141	15,972,135
<i>Total Account 376</i>	<u>45,843,547</u>	<u>4,398,599</u>	<u>41,444,948</u>
378 Meas and Reg Sta. Equip. - General	2,513,586	119,695	2,393,891
379.1 Meas and Reg Sta. Equip. - City Gate	261,813	-	261,813
380 Services	51,026,459	17,008,194	34,018,265
381 Meters	4,064,067	-	4,064,067
382 Meter Installations	3,356,529	159,832	3,196,697
383 House Regulators	1,027,633	48,930	978,703
384 House Regulator Installations	1,640,703	-	1,640,703
385 Industrial Meas and Reg Equipment	933,051	44,431	888,620
Other Equipment			
Odorization	(33,290)	-	(33,290)
387.4 Customer Information Services	1,330,952	-	1,330,952
<i>Total Account 387</i>	<u>1,297,662</u>	-	<u>1,297,662</u>
TOTAL DISTRIBUTION PLANT	115,282,108	21,813,476	93,468,632

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group	(1)	Book Reserve	COR		Accumulated Depreciation
			(2)	(3)	
GENERAL PLANT					
Office Furniture and Equipment		860,914	-	-	860,914
391.1 Furniture		3,345	-	-	3,345
391.1.1 Equipment					
391.12 Information Systems		17,258	-	-	17,258
Fully Amortized		161,244	-	-	161,244
Amortized		178,502	-	-	178,502
<i>Total Account 391</i>		1,042,761	-	-	1,042,761
392.2 Transportation Equipment - Trailers		43,612	-	-	43,612
Tools, Shop and Garage Equipment		940,265	-	-	940,265
394 Equipment		208,194	-	-	208,194
394.11 CNG Facilities		1,148,459	-	-	1,148,459
<i>Total Account 394</i>					
395 Laboratory Equipment		4,760	-	-	4,760
396 Power Operated Equipment		552,542	-	-	552,542
398 Miscellaneous Equipment		3,290	-	-	3,290
Fully Amortized		51,822	-	-	51,822
Amortized		55,112	-	-	55,112
TOTAL GENERAL PLANT		2,847,246	-	-	2,847,246
TOTAL DEPRECIABLE PLANT		118,129,354	21,813,476		96,315,878

70,522,503

Sources:

Cols. (1) and (2) from response to AG 1-117.

Col. (3) from response to AG 1-171.

47,606,851

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNARELY KING RECOMMENDATIONS WITH ELG, NO RESERVE ADJUSTMENT
 Spanos

(1) Depreciable Group	(2) Original Cost at December 31, 2008	(3) Accumulated Depreciation	(4) Survivor Curve	(5) PV Future Net Salvage	(6) Spanos ELG Composite Remaining Life	(7) Future Book Accruals	(8) Calculated		(10) Theoretical Reserve	(11) Reserve Excess (Deficiency)
							(8) Amount	(9) Rate		
GENERAL PLANT										
Office Furniture and Equipment										
391.1 Furniture	1,213,530	860,914	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(692)
391.11 Equipment	13,816	3,345	15-SQ	-	11.4	10,471	919	6.65	3,316	29
391.12 Information Systems Fully Amortized	17,258	17,258	5-SQ	-	-	0	-	-	17,258	(0)
	252,456	161,244	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)
	269,714	178,502				91,212	50,673	18.79	178,830	(328)
Total Account 391	1,497,060	1,042,761				454,299	112,387	7.51	1,043,752	(991)
392.2 Transportation Equipment - Trailers	116,618	43,612	25-S3	-	14.6	73,006	5,000	4.29	48,513	(4,901)
394 Tools, Shop and Garage Equipment										
394 Equipment	1,974,686	940,265	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314
394.11 CNG Facilities	335,308	208,194	12-S3	-	1.9	127,114	66,902	19.95	282,218	(74,024)
	2,309,994	1,148,459				1,161,535	145,866	6.31	1,222,168	(73,709)
Total Account 394										
395 Laboratory Equipment	10,308	4,760	20-SQ	-	10.8	5,548	514	4.98	4,742	18
396 Power Operated Equipment	653,814	552,542	15-S1.5	-	-	101,272	-	-	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290	3,290	15-SQ	-	-	0	-	-	-	3,290
	75,642	51,822	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)
	78,932	55,112				23,820	5,068	6.42	51,941	3,171
TOTAL GENERAL PLANT	4,666,727	2,847,246				1,819,481	268,835	5.76	2,371,116	476,130
TOTAL DEPRECIABLE PLANT	269,360,840	118,129,354				164,213,506	5,609,613	2.08	118,894,932	(764,978)

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
 ** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:

Col. (1), (2), (4) and (6) from response to AG 1-117.
 Col. (3) from pages 5-6.
 Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.
CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	% (9)=(8)/(4)	\$ (8)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4 Land and Land Rights	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5 Land Rights	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
<i>Total Account 374</i>				3,223,434					
375.34 Structures and Improvements	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
375.7 Measuring and Regulating									
Other Distribution System	71	401	4.54%	7,000,103	35.2	0	-	-	-
Other Buildings	71	401	4.54%	179,280	22.0	0	-	-	-
Distribution System Structures	71	401	4.54%	7,179,384					
<i>Total Account 375.70</i>									
375.8 Communication Structures	71	401	4.54%	33,261	10.8	0	-	-	-
<i>Total Account 375</i>				7,945,299			(73,265)	(17,933)	
376 Mains	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
Cast Iron	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
Bare Steel	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
Coated Steel	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
Plastic				136,589,627			(20,488,444)	(2,294,183)	
<i>Total Account 376</i>									
378 Meas and Reg Sta. Equip. - General	73	551	5.32%	4,838,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1 Meas and Reg Sta. Equip. - City Gate	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
380 Services	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
381 Meters	89	261	2.80%	11,782,894	24.6	0	-	-	-
382 Meter Installations	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
383 House Regulators	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
384 House Regulator Installations	69	658	5.95%	2,327,988	19.4	0	-	-	-
385 Industrial Meas and Reg Equipment	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
387.2 Other Equipment	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
387.4 Odorization	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
Customer Information Services				3,253,668			(162,683)	(52,989)	
<i>Total Account 387</i>									
TOTAL DISTRIBUTION PLANT				264,694,113			(70,548,798)	(12,982,020)	

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1 Furniture	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11 Equipment	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
Information Systems									
391.12 Fully Amortized	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
Amortized	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714					
<i>Total Account 391</i>				1,497,060					
392.2 Transportation Equipment - Trailers	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
Tools, Shop and Garage Equipment									
394 Equipment	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
394.11 CNG Facilities	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
<i>Total Account 394</i>				2,309,994					
395 Laboratory Equipment	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396 Power Operated Equipment	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398 Miscellaneous Equipment	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
Fully Amortized	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
Amortized				78,932					
TOTAL GENERAL PLANT				4,666,727			163,454		
TOTAL DEPRECIABLE PLANT				269,360,840			(70,385,344)		(12,982,020)

1/ Starting year was 1978. Used total plant index.
2/ Used total plant.

Sources:
Cols. (1) and (2) from Handy Whitman Index.
Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.
REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
GENERAL PLANT			
Office Furniture and Equipment	860,914	-	860,914
391.1 Furniture	3,345	-	3,345
391.11 Equipment	-	-	-
391.12 Information Systems	17,258	-	17,258
Fully Amortized	161,244	-	161,244
Amortized	<u>178,502</u>	-	<u>178,502</u>
<i>Total Account 391</i>	1,042,761	-	1,042,761
392.2 Transportation Equipment - Trailers	43,612	-	43,612
Tools, Shop and Garage Equipment			
394 Equipment	940,265	-	940,265
394.11 CNG Facilities	208,194	-	208,194
<i>Total Account 394</i>	<u>1,148,459</u>	-	<u>1,148,459</u>
395 Laboratory Equipment	4,760	-	4,760
396 Power Operated Equipment	552,542	-	552,542
398 Miscellaneous Equipment	3,290	-	3,290
Fully Amortized	51,822	-	51,822
Amortized	<u>55,112</u>	-	<u>55,112</u>
TOTAL GENERAL PLANT	2,847,246	-	2,847,246
TOTAL DEPRECIABLE PLANT	118,129,354	-	118,129,354
Sources:			
Col. (1) and (2) from response to AG 1-117.	70,522,503	-	-
Col. (3) from response to AG 1-171.	47,606,851	-	-

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
NAVELY KING RECOMMENDATIONS NO RESERVE ADJUSTMENT

(1) Depreciable Group	(2) Original Cost at December 31, 2008	(3) Accumulated Depreciation	(4) Survivor Curve	(5) PV Future Net Salvage	(6) ASL Composite Remaining Life	(7) Future Book Accruals	Calculated		(10) Theoretical Reserve	(11)-(3)-(10) Reserve Excess (Deficiency)
							(8)-(7)(6) Annual Amount	(9)=(8)(2) Rate		
DEPRECIABLE PLANT										
DISTRIBUTION PLANT										
374.4	555,085	124,496	70-R2.5	-	54.6	430,589	7,886	1.42	122,119	2,377
374.5	2,668,349	673,713	75-S4	-	61.1	1,994,636	32,645	1.22	494,534	179,179
	3,223,434	798,209				2,425,225	40,552	1.26	616,653	181,556
375.34	732,655	371,756	47-S0.5	(2.45)	31.7	378,832	11,951	1.63	244,340	127,416
375.7	7,000,103	2,055,492	Square	-	35.2	4,944,611	140,472	2.01	2,027,672 1/	27,820
	179,280	65,815	34-S1.5	-	22.0	113,465	5,158	2.88	63,275	2,540
	7,179,384	2,121,307				5,058,077	145,629	2.03	2,090,947	30,360
375.8	33,261	25,786	30-R3	-	10.8	7,475	692	2.08	21,287	4,499
	7,945,299	2,518,849				5,444,383	158,272	1.99	2,356,574	162,275
376	287,300	285,212	68-R1.5	(6.96)	16.2	22,097	1,364	0.47	234,097	51,115
	18,226,236	17,608,856	68-R1.5	(6.00)	16.7	1,710,969	102,453	0.56	14,575,103	3,033,753
	38,761,932	10,282,203	68-R1.5	(0.73)	55.2	28,761,029	521,033	1.34	7,349,314	2,932,889
	79,314,159	17,667,276	68-R1.5	(1.13)	57.3	62,546,168	1,091,556	1.38	12,621,821	5,045,455
	136,589,627	45,843,547				93,040,263	1,716,407	1.26	34,780,336	11,063,211
378	4,838,300	2,513,586	38-S0	(2.43)	27.3	2,442,244	89,459	1.85	1,395,457	1,118,129
379.1	257,909	261,813	27-S1	(5.62)	11.2	10,590	946	0.37	159,406	102,407
380	80,363,820	51,026,459	39-R1.5	(12.70)	30.8	39,545,395	1,283,941	1.60	19,043,313	31,983,146
381	11,782,894	4,064,067	37-R1.5	-	24.6	7,718,827	313,773	2.66	3,948,862	115,205
382	7,818,665	3,356,529	37-S2	(2.42)	23.6	4,651,194	197,084	2.52	2,900,094	456,435
383	3,575,312	1,027,633	35-S2	(1.54)	28.7	2,602,719	90,687	2.54	653,463	374,170
384	2,327,988	1,640,703	32-R4	-	19.4	687,285	35,427	1.52	916,645	724,058
385	2,717,197	933,051	32-O1	(1.21)	26.9	1,816,906	67,543	2.49	438,274	494,777
387.2	28,895	(33,290)	25-R2.5	(4.36)	2.6	63,444	24,402	84.45	27,018	(60,308)
387.4	3,224,773	1,330,952	30-R2	(1.60)	21.5	1,945,550	90,491	2.81	928,342	402,610
	3,253,668	1,297,662				2,008,994	114,892	3.53	955,360	342,302
	264,694,113	115,282,108				162,394,025	4,108,964	1.55	68,164,439	47,117,669
TOTAL DISTRIBUTION PLANT										

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNARELY KING RECOMMENDATIONS NO RESERVE ADJUSTMENT

(1) Depreciable Group	(2) Original Cost at December 31, 2008	(3) Accumulated Depreciation	(4) Survivor Curve	(5) PV Future Net Salvage	(6) ASL Composite Remaining Life	(7) Future Book Accruals	(8)=(7)/(6)		(9)=(8)/(2)	Theoretical Reserve (10)	Reserve Excess (Deficiency) (11)=(9)-(10)
							Amount	Rate			
GENERAL PLANT											
Office Furniture and Equipment											
391.1 Furniture	1,213,530	860,914	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(692)	
391.11 Equipment	13,816	3,345	15-SQ	-	11.4	10,471	919	6.65	3,316	29	
Information Systems											
391.12 Fully Amortized	17,258	17,258	5-SQ	-	-	0	-	-	17,258	(0)	
Amortized	252,456	161,244	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)	
	269,714	178,502				91,212	50,673	18.79	178,830	(328)	
Total Account 391	1,497,060	1,042,761				454,299	112,387	7.51	1,043,752	(991)	
392.2 Transportation Equipment - Trailers	116,618	43,612	25-S3	-	16.2	73,006	4,507	3.86	41,050	2,562	
Tools, Shop and Garage Equipment											
394 Equipment	1,974,686	940,265	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314	
394.11 CNG Facilities	335,308	208,194	12-S3	-	2.1	127,114	60,531	18.05	276,629	(68,435)	
Total Account 394	2,309,994	1,148,459				1,161,535	139,494	6.04	1,216,580	(68,121)	
395 Laboratory Equipment	10,308	4,760	20-SQ	-	10.8	5,548	514	4.98	4,742	18	
396 Power Operated Equipment	653,814	552,542	15-S1.5	-	-	101,272	-	-	-	552,542	
398 Miscellaneous Equipment	3,290	3,290	15-SQ	-	-	0	-	-	-	3,290	
Fully Amortized	75,642	51,822	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)	
	78,932	55,112				23,820	5,068	6.42	51,941	3,171	
TOTAL GENERAL PLANT	4,666,727	2,847,246				1,819,481	261,970	5.61	2,358,064	489,182	
TOTAL DEPRECIABLE PLANT	269,360,840	118,129,354				164,213,506	4,370,934	1.62	70,522,503	47,606,851	

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
 ** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:

Cols. (1), (2), (4) and (6) from response to AG 1-117.
 Col. (3) from pages 5-6.
 Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage (6)		PV Future Net Salvage (9)=(8)/(4)	
						%	\$	%	\$
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
Land and Land Rights									
374.4	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
	<i>Total Account 374</i>			3,223,434					
Structures and Improvements									
375.34	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
Measuring and Regulating									
Other Distribution System									
375.7	71	401	4.54%	7,000,103	35.2	0	-	-	-
	71	401	4.54%	179,280	22.0	0	-	-	-
	<i>Total Account 375.70</i>			7,179,384					
Communication Structures									
375.8	71	401	4.54%	33,261	10.8	0	-	-	-
	<i>Total Account 375</i>			7,945,299			(73,265)	(17,933)	
Mains									
376	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
	<i>Total Account 376</i>			136,589,627			(20,488,444)	(2,294,183)	
Meas and Reg Sta. Equip. - General									
378	73	551	5.32%	4,838,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
380	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
381	89	261	2.80%	11,782,894	24.6	0	-	-	-
382	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
383	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
384	69	658	5.95%	2,327,988	19.4	0	-	-	-
385	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
Other Equipment									
387.2	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
387.4	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
	<i>Total Account 387</i>			3,253,668			(162,683)	(52,989)	
TOTAL DISTRIBUTION PLANT									
				264,694,113			(70,548,798)	(12,982,020)	

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$(7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1 Furniture	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11 Equipment	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
391.12 Information Systems									
Fully Amortized	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
Amortized	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714			-	-	-
				1,497,060			-	-	-
Total Account 391									
392.2 Transportation Equipment - Trailers	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
Tools, Shop and Garage Equipment									
394 Equipment	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
394.11 CNG Facilities	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
				2,309,994			-	-	-
Total Account 394									
395 Laboratory Equipment	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396 Power Operated Equipment	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398 Miscellaneous Equipment	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
Fully Amortized	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
Amortized				78,932			-	-	-
				4,666,727			163,454	-	-
TOTAL GENERAL PLANT									
				269,360,840			(70,385,344)	(12,982,020)	
TOTAL DEPRECIABLE PLANT									

1/ Starting year was 1978. Used total plant index.

2/ Used total plant.

Sources:

Cols. (1) and (2) from Handy Whitman Index.
Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

	(1)	(2)	(3)	(4)=(2)-(3)
	Depreciable Group	Book Reserve	COR Regulatory Liability	Accumulated Depreciation
	(1)	(2)	(3)	(4)=(2)-(3)
DEPRECIABLE PLANT				
DISTRIBUTION PLANT				
	Land and Land Rights	124,496	-	124,496
374.4	Land Rights	673,713	-	673,713
374.5	Rights-of-Way	798,209	-	798,209
	<i>Total Account 374</i>			
	Structures and Improvements	371,756	-	371,756
375.34	Measuring and Regulating		-	
375.7	Other Distribution System	2,055,492	-	2,055,492
	Other Buildings	65,815	-	65,815
	Distribution System Structures	2,121,307	-	2,121,307
	<i>Total Account 375.70</i>			
375.8	Communication Structures	25,786	-	25,786
	<i>Total Account 375</i>	2,518,849	-	2,518,849
	Mains	285,212	-	285,212
376	Cast Iron	17,608,856	-	17,608,856
	Bare Steel	10,282,203	-	10,282,203
	Coated Steel	17,667,276	-	17,667,276
	Plastic	45,843,547	-	45,843,547
	<i>Total Account 376</i>			
378	Meas and Reg Sta. Equip. - General	2,513,586	-	2,513,586
379.1	Meas and Reg Sta. Equip. - City Gate	261,813	-	261,813
380	Services	51,026,459	-	51,026,459
381	Meters	4,064,067	-	4,064,067
382	Meter Installations	3,356,529	-	3,356,529
383	House Regulators	1,027,633	-	1,027,633
384	House Regulator Installations	1,640,703	-	1,640,703
385	Industrial Meas and Reg Equipment	933,051	-	933,051
	Other Equipment	(33,290)	-	(33,290)
387.2	Odorization	1,330,952	-	1,330,952
387.4	Customer Information Services	1,297,662	-	1,297,662
	<i>Total Account 387</i>			
	TOTAL DISTRIBUTION PLANT	115,282,108	-	115,282,108

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
GENERAL PLANT			
Office Furniture and Equipment		-	
391.1 Furniture	860,914	-	860,914
391.11 Equipment	3,345	-	3,345
391.12 Information Systems Fully Amortized	17,258 161,244	-	17,258 161,244
	<u>178,502</u>	-	<u>178,502</u>
<i>Total Account 391</i>	1,042,761	-	1,042,761
392.2 Transportation Equipment - Trailers	43,612	-	43,612
Tools, Shop and Garage Equipment			
394 Equipment	940,265	-	940,265
394.11 CNG Facilities	208,194	-	208,194
	<u>1,148,459</u>	-	<u>1,148,459</u>
395 Laboratory Equipment	4,760	-	4,760
396 Power Operated Equipment	552,542	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290 51,822	-	3,290 51,822
	<u>55,112</u>	-	<u>55,112</u>
TOTAL GENERAL PLANT	2,847,246	-	2,847,246
TOTAL DEPRECIABLE PLANT	118,129,354	-	118,129,354

70,522,503

Sources:

Col. (1) and (2) from response to AG 1-117.

Col. (3) from response to AG 1-171.

COLUMBIA GAS OF KENTUCKY, INC.
ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2008
SNARELY KING RECOMMENDATIONS WITH ELG, NO PV Adj, but WITH RESERVE ADJUSTMENT

Spanos

(1) Depreciable Group	(2) Original Cost at December 31, 2008	(3) Accumulated Depreciation	(4) Survivor Curve	(5) PV Future Net Salvage	(6) Spanos ELG Composite Remaining Life	(7) Future Book Accruals	Spanos		(10) Theoretical Reserve	(11)=(3)-(10) Reserve Excess (Deficiency)
							(8)=(7)/(6) Annual Amount	(9)=(8)/(2) Rate		
GENERAL PLANT										
391.1 Office Furniture and Equipment	1,213,530	860,914	20-SQ	-	5.8	352,616	60,796	5.01	861,606	(692)
391.11 Furniture Equipment	13,816	3,345	15-SQ	-	11.4	10,471	919	6.65	3,316	29
391.12 Information Systems Fully Amortized	17,258	17,258	5-SQ	-	-	0	-	-	17,258	(0)
	252,456	161,244	5-SQ	-	1.8	91,212	50,673	20.07	161,572	(328)
	269,714	178,502		-		91,212	50,673	18.79	178,830	(328)
Total Account 391	1,497,060	1,042,761		-		454,299	112,387	7.51	1,043,752	(991)
392.2 Transportation Equipment - Trailers	116,618	43,612	25-S3	-	14.6	73,006	5,000	4.29	48,513	(4,901)
394 Tools, Shop and Garage Equipment	1,974,686	940,265	25-SQ	-	13.1	1,034,421	78,963	4.00	939,951	314
394.11 Equipment CNG Facilities	335,308	208,194	12-S3	-	1.9	127,114	66,902	19.95	282,218	(74,024)
	2,309,994	1,148,459		-		1,161,535	145,866	6.31	1,222,168	(73,709)
395 Laboratory Equipment	10,308	4,760	20-SQ	-	10.8	5,548	514	4.98	4,742	18
396 Power Operated Equipment	653,814	552,542	15-S1.5	(25.00)	-	264,726	-	-	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290	3,290	15-SQ	-	-	0	-	-	-	3,290
	75,642	51,822	15-SQ	-	4.7	23,820	5,068	6.70	51,941	(119)
	78,932	55,112		-		23,820	5,068	6.42	51,941	3,171
TOTAL GENERAL PLANT	4,666,727	2,847,246		-		1,982,935	268,835	5.76	2,371,116	476,130
TOTAL DEPRECIABLE PLANT	269,360,840	96,315,877		-		243,757,214	8,697,662	3.23	142,542,000	(46,226,123)

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
** 5-Year amortization of unrecovered reserve related to implementation of amortization accounting.

1/ Theoretical reserve from response to AG 1-117.

Sources:
Cols. (1), (2), (4) and (6) from response to AG 1-117.
Col. (3) from pages 5-6.
Col. (5) from pages 3-4.

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
374.4 Land and Land Rights	163 1/	590 2/	3.35%	555,085	54.6	0	-	-	-
374.5 Land Rights	75 2/	590 2/	5.43%	2,668,349	61.1	0	-	-	-
<i>Total Account 374</i>				3,223,434			-	-	-
375.34 Structures and Improvements	71	401	4.54%	732,655	31.7	(10)	(73,265)	(17,933)	(2.45)
375.7 Measuring and Regulating									
Other Distribution System	71	401	4.54%	7,000,103	35.2	0	-	-	-
Other Buildings	71	401	4.54%	179,280	22.0	0	-	-	-
Distribution System Structures	71	401	4.54%	7,179,384			-	-	-
<i>Total Account 375.70</i>							-	-	-
375.8 Communication Structures	71	401	4.54%	33,261	10.8	0	-	-	-
<i>Total Account 375</i>				7,945,299			(73,265)	(17,933)	
376 Mains									
Cast Iron	89	564	4.85%	287,300	16.2	(15)	(43,095)	(20,009)	(6.96)
Bare Steel	76	646	5.64%	18,226,236	16.7	(15)	(2,733,935)	(1,093,589)	(6.00)
Coated Steel	76	646	5.64%	38,761,932	55.2	(15)	(5,814,290)	(281,300)	(0.73)
Plastic	81	470	4.61%	79,314,159	57.3	(15)	(11,897,124)	(899,285)	(1.13)
<i>Total Account 376</i>				136,589,627			(20,488,444)	(2,294,183)	
378 Meas and Reg Sta. Equip. - General	73	551	5.32%	4,838,300	27.3	(10)	(483,830)	(117,529)	(2.43)
379.1 Meas and Reg Sta. Equip. - City Gate	75	557	5.28%	257,909	11.2	(10)	(25,791)	(14,494)	(5.62)
380 Services	71	507	5.17%	80,363,820	30.8	(60)	(48,218,292)	(10,208,034)	(12.70)
381 Meters	89	261	2.80%	11,782,894	24.6	0	-	-	-
382 Meter Installations	71	741	6.20%	7,818,665	23.6	(10)	(781,867)	(189,058)	(2.42)
383 House Regulators	83	412	4.19%	3,575,312	28.7	(5)	(178,766)	(55,040)	(1.54)
384 House Regulator Installations	69	658	5.95%	2,327,988	19.4	0	-	-	-
385 Industrial Meas and Reg Equipment	75 2/	590 2/	5.43%	2,717,197	26.9	(5)	(135,860)	(32,761)	(1.21)
387.2 Other Equipment									
Odorization	75 2/	590 2/	5.43%	28,895	2.6	(5)	(1,445)	(1,259)	(4.36)
Customer Information Services	75 2/	590 2/	5.43%	3,224,773	21.5	(5)	(161,239)	(51,730)	(1.60)
<i>Total Account 387</i>				3,253,668			(162,683)	(52,989)	
TOTAL DISTRIBUTION PLANT				264,694,113			(70,548,798)	(12,982,020)	

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF PRESENT VALUE OF SPANOS' NET SALVAGE PROPOSALS

Depreciable Group	1969 Cost Index (1)	1/1/2009 Cost Index (2)	Compound Growth Rate (3)	Original Cost at December 31, 2008 (4)	Composite Remaining Life (5)	Spanos Future Net Salvage		PV Future Net Salvage	
						% (6)	\$ (7)=(4)*(6)	\$ (8)	% (9)=(8)/(4)
GENERAL PLANT									
Office Furniture and Equipment									
391.1 Furniture	75 2/	590 2/	5.43%	1,213,530	5.8	0	-	-	-
391.11 Equipment	75 2/	590 2/	5.43%	13,816	11.4	0	-	-	-
Information Systems									
391.12 Fully Amortized	75 2/	590 2/	5.43%	17,258	-	0	-	-	-
Amortized	75 2/	590 2/	5.43%	252,456	1.8	0	-	-	-
				269,714					
<i>Total Account 391</i>				1,497,060					
392.2 Transportation Equipment - Trailers	75 2/	590 2/	5.43%	116,618	16.2	0	-	-	-
Tools, Shop and Garage Equipment									
394 Equipment	75 2/	590 2/	5.43%	1,974,686	13.1	0	-	-	-
394.11 CNG Facilities	75 2/	590 2/	5.43%	335,308	2.1	0	-	-	-
<i>Total Account 394</i>				2,309,994					
Laboratory Equipment									
395 Power Operated Equipment	75 2/	590 2/	5.43%	10,308	10.8	0	-	-	-
396 Miscellaneous Equipment	75 2/	590 2/	5.43%	653,814	-	25	163,454	-	-
398 Fully Amortized	75 2/	590 2/	5.43%	3,290	-	0	-	-	-
Amortized	75 2/	590 2/	5.43%	75,642	4.7	0	-	-	-
				78,932					
TOTAL GENERAL PLANT				4,666,727			163,454		
TOTAL DEPRECIABLE PLANT				269,360,840			(70,385,344)		(12,982,020)

1/ Starting year was 1978. Used total plant index.
 2/ Used total plant.

Sources:
 Cols. (1) and (2) from Handy Whitman Index.
 Cols. (4), (5) and (6) from response to AG 1-117.

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
 FROM BOOK RESERVES
 AS OF DECEMBER 31, 2008

	(1)	(2)	(3)	(4)=(2)-(3)
	Depreciable Group	Book Reserve	COR Regulatory Liability	Accumulated Depreciation
DEPRECIABLE PLANT				
DISTRIBUTION PLANT				
	Land and Land Rights	124,496	-	124,496
374.4	Land Rights	673,713	-	673,713
374.5	Rights-of-Way	798,209	-	798,209
	<i>Total Account 374</i>			
	Structures and Improvements	371,756	33,796	337,960
375.34	Measuring and Regulating			
375.7	Other Distribution System	2,055,492	-	2,055,492
	Other Buildings	65,815	-	65,815
	Distribution System Structures	2,121,307	-	2,121,307
	<i>Total Account 375.70</i>			
375.8	Communication Structures	25,786	-	25,786
	<i>Total Account 375</i>	2,518,849	33,796	2,485,053
376	Mains			
	Cast Iron	285,212	27,366	257,846
	Bare Steel	17,608,856	1,689,535	15,919,321
	Coated Steel	10,282,203	986,557	9,295,646
	Plastic	17,667,276	1,695,141	15,972,135
	<i>Total Account 376</i>	45,843,547	4,398,599	41,444,948
378	Meas and Reg Sta. Equip. - General	2,513,586	119,695	2,393,891
379.1	Meas and Reg Sta. Equip. - City Gate	261,813	-	261,813
380	Services	51,026,459	17,008,194	34,018,265
381	Meters	4,064,067	-	4,064,067
382	Meter Installations	3,356,529	159,832	3,196,697
383	House Regulators	1,027,633	48,930	978,703
384	House Regulator Installations	1,640,703	-	1,640,703
385	Industrial Meas and Reg Equipment	933,051	44,431	888,620
387.2	Other Equipment			
387.4	Odorization	(33,290)	-	(33,290)
	Customer Information Services	1,330,952	-	1,330,952
	<i>Total Account 387</i>	1,297,662	-	1,297,662
TOTAL DISTRIBUTION PLANT		115,282,108	21,813,476	93,468,631

COLUMBIA GAS OF KENTUCKY, INC.

REMOVAL OF COST OF REMOVAL REGULATORY LIABILITY
FROM BOOK RESERVES
AS OF DECEMBER 31, 2008

Depreciable Group (1)	Book Reserve (2)	COR Regulatory Liability (3)	Accumulated Depreciation (4)=(2)-(3)
GENERAL PLANT			
Office Furniture and Equipment	860,914	-	860,914
391.1 Furniture	3,345	-	3,345
391.11 Equipment			
391.12 Information Systems Fully Amortized	17,258	-	17,258
	161,244	-	161,244
	178,502	-	178,502
<i>Total Account 391</i>	1,042,761	-	1,042,761
392.2 Transportation Equipment - Trailers	43,612	-	43,612
Tools, Shop and Garage Equipment			
394 Equipment	940,265	-	940,265
394.11 CNG Facilities	208,194	-	208,194
	1,148,459	-	1,148,459
395 Laboratory Equipment	4,760	-	4,760
396 Power Operated Equipment	552,542	-	552,542
398 Miscellaneous Equipment Fully Amortized	3,290	-	3,290
	51,822	-	51,822
	55,112	-	55,112
TOTAL GENERAL PLANT	2,847,246	-	2,847,246
TOTAL DEPRECIABLE PLANT	118,129,354	21,813,476	96,315,877

70,522,503

Sources:

Col. (1) and (2) from response to AG 1-117.

Col. (3) from response to AG 1-171.

**Attorney General's Responses to Kentucky Public Service Commission's
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Case No. 2009-00141**

WITNESS RESPONSIBLE:

Michael Majoros

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QUESTION 6. Refer to pages 6-9 of the Majoros Testimony, which identify several cases in which Mr. Majoros testified for the AG on depreciation, the most recent Columbia rate case, Case No. 2007-00008,¹ and a case of Duke Energy, Case No. 2001-00092,² in which he did not testify for the AG. Mr. Majoros identifies several cases in which Mr. John Spanos testified for a utility and proposed the use of the ELG procedure. All these cases resulted in settlements that did not incorporate Mr. Spanos' proposal, except Case No. 2001-00092, which was not settled. That case resulted in Duke Energy implementing the ELG procedure. Mr. Majoros recommends that the Commission "not consider ULH&P's use of ELG to be established as a precedent." Explain whether it is Mr. Majoros' position that there is more precedential value in the cases that were settled in which ELG was not adopted than the one contested case, Case No. 2001-00092, in which ELG was adopted.

RESPONSE: Mr. Majoros' position is that if the Commission adopts ELG for this Company, it should only be adopted on a going-forward basis for all the reasons he explains in his testimony. Mr. Majoros is not relying on any precedents to make that recommendation.

¹ Case No. 2007-00008, Columbia Gas of Kentucky, Inc. (Ky. PSC Aug. 29, 2007).

² Case No. 2001-00092, The Union Light, Heat and Power Company (Ky. PSC Jan. 31, 2002).

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 7. Refer to the Direct Testimony of Dr. J. Randall Woolridge ("Woolridge Testimony") at page 11 and Exhibit_JRW-3, page 1 of 5. Provide the underlying data in an Excel spreadsheet for both panels.

RESPONSE: The requested data in on the Woolridge CD in the 'Work Sheets' folder.

**Attorney General's Responses to Kentucky Public Service Commission's
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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

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QUESTION 8. Refer to the Woolridge Testimony at pages 13-14 and Exhibit_JRW-3, page 5 of 5. The discussion does not seem to match what is illustrated in the exhibit panel. Both the S&P 500 Index and the gas stock performance appear to be at low points in March 2009. After February 2009, the gas stock performance appears to be negative in relation to its July 2008 value. Discuss whether the contention that gas stocks have held up well in relation to the S&P 500 Index remains valid.

RESPONSE: Yes. The gas stocks held up relatively well in the downturn, and but have not experienced as large of a rebound as the overall market. This performance demonstrates the relatively low beta of gas utility stocks.

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

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QUESTION 9. Refer to the Woolridge Testimony at page 14. Provide a copy of the McKinsey quarterly report referenced in footnote 1.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.

**Attorney General's Responses to Kentucky Public Service Commission's
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Case No. 2009-00141**

WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 10. Refer to the Woolridge Testimony at page 15 and Exhibit_JRW-4.

Explain whether any of the companies in the proxy group are involved in current merger activity.

RESPONSE: No, not to Dr. Woolridge's knowledge.

**Attorney General's Responses to Kentucky Public Service Commission's
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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 11. Refer to the Woolridge Testimony at page 17. Explain why a capital structure other than what is reflected in Columbia's test year should be adopted by the Commission.

RESPONSE: The appropriate capital structure is dependent on a number of factors, including the assumptions used to develop the test year capital structure as well as the standards of the industry.

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

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QUESTION 12. Refer to the Woolridge Testimony at page 21. Provide a copy of the Benjamin Esty study referenced in footnote 3.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.

**Attorney General's Responses to Kentucky Public Service Commission's
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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 13. Refer to the Woolridge Testimony at pages 34-35 and Exhibit_JRW-10, page 3 of 7.

- a. Explain why blending the mean and median values of ten- and five-year averages produces a meaningful estimate of growth rates.
- b. Explain how blending projected estimates of earnings, dividends, and book value growth rates into a single number provides a meaningful estimate of growth rates.

RESPONSE: a. Dr. Woolridge's objective is to find the central tendency for the figures shown. Means and medians are measures of central tendency for an array of numbers. Due to the presence of outliers, Dr. Woolridge is using both the means and medians. Growth over five- and ten- year periods are commonly provided to investors by Value Line and other investor information sources as indicators of historic growth.

- b. According to the DCF model, DPS, EPS, and BVPS should all have the same rate of growth. Over short-term periods of time, these growth rates may differ, Dr. Woolridge is attempting to gauge an overall long-term rate of growth for all three.

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 14. Refer to the Woolridge Testimony at pages 47-48. Explain why PEGAIN would not be expected to have some increase as the economy and corporate EPS recover and the stock market begins to recover its lost value.

RESPONSE: Because the current PEGAIN is so far above the historical average.

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 15. 15. Refer to the Woolridge Testimony at Exhibit_(JRW-11), page 5 of 11. Some of the exhibit entries are almost eight years old, which means the actual work may have been conducted more than eight years ago. For each exhibit entry that was published prior to 2008, provide an explanation of why it is still valid for use in a current risk premium analysis.

RESPONSE: The dates over which the studies were conducted are provided for each of the studies in the exhibit. Many of the studies have been conducted over long periods of time and, as such, are not time specific (i.e., they do not pertain to a specific year). In other words, whereas they may have been published in a particular year, they have used data over a long time period and the objective is to get a measure of the equity risk premium over time. As such, these studies are not time specific and therefore are valid to use in assessing the current risk premium.

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 16. Refer to the Woolridge Testimony at Exhibit_(JRW-11), page 6 of 11. The exhibit references a number of recent studies. It is not clear whether the purpose and results of the studies were intended to be directly comparable to one another or to be used as they have been in the context of a regulated utility rate case.

- a. Provide a copy of each study listed on page 6 of the Exhibit.
- b. Explain why it is appropriate to use geometric means in calculating equity risk premiums.
- c. Provide a description of the appropriateness of using 1.94 percent as a credible measure of an equity risk premium in the context of this rate case.
- d. Provide any discussions that the Ibbotson SBBI yearbook 2009 may contain of estimating and using the *ex ante* approaches and/or comparing the *ex ante* and historical approaches to calculating risk premiums.

RESPONSE: a. The requested documents are provided on the Woolridge CD in the studies folder.

b. The geometric mean is a measure of central tendency, and as explained in Dr. Woolridge's testimony, provides a better measure of the historic return performance.

c. The indicated result is one of over thirty studies and surveys used by Dr. Woolridge. Dr. Woolridge has used the results of a large number of surveys and studies and has not excluded any due to their magnitude (large or small).

d. Ibbotson's 2009 results are used by Dr. Woolridge and are contained in Exhibit JRW-11, pages 5 And 6.

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WITNESS RESPONSIBLE:

Dr. Randall J. Woolridge

PAGE 1 of 1

QUESTION 17. Refer to the Woolridge Testimony at page 53. Provide a copy of the study cited in footnote 18.

RESPONSE: The requested document is provided on the Woolridge CD in the Studies folder.

**Attorney General's Responses to Kentucky Public Service Commission's
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Case No. 2009-00141**

WITNESS RESPONSIBLE:

Glenn Watkins

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QUESTION 18. Refer to the tables on page 6 and the bottom of page 17 of the Direct Testimony of Glenn Watkins ("Watkins Testimony"). Mr. Watkins used the rates of return from Columbia's cost-of-service studies filed in its application. Explain why the rates of return from the revised cost-of-service studies filed in response to Item 50 of the Commission Staffs Second Data Request were not used.

RESPONSE: Mr. Watkins was not aware of Columbia's response to Commission Staff 2-50 at the time he conducted his analyses.

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QUESTION 19. Refer to page 8 of the Watkins Testimony. Mr. Watkins states that there is no reasonable basis to allocate any portion of distribution mains as customer-related. Explain why Mr. Watkins, apparently, does not believe that the number of distribution mains physically required to provide service is, to some extent, influenced by the number of customers on the system.

RESPONSE: Please refer to Mr. Watkins' direct testimony, page 9, line 7 through page 12, line 3.

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QUESTION 20. Refer to pages 15 and 16 of the Watkins Testimony.

- a. Starting at line 19 on page 15, Mr. Watkins discusses a "correction" to Columbia's cost-of-service studies. Explain whether Columbia made this correction in its response to Item 50 of the Commission Staffs Second Data Request.
- b. On page 16, line 1, clarify whether Mr. Watkins intended to refer to Account 876 rather than Account 376.

RESPONSE: a. Unknown, Columbia is in a better position to answer this question.

- b. Yes, the reference to Account 376 should be 876.

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QUESTION 21. Refer to page 16 of the Watkins Testimony. Explain more fully why it is reasonable to weight IUS, DS-ML/SC, and DS/IS customers by 365.

RESPONSE: A weighting of 365 serves as a reasonable weighting measure to reflect the additional costs required to record, accumulate, and keep track of daily usages for large volume customers.

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QUESTION 22. Refer to pages 17 and 19 of the Watkins Testimony. The table on page 17 shows that Mr. Watkins calculated a 7.84 percent rate of return for the GS-Other class and 5.57 percent for the DS/IS class. Page 19 shows a recommended increase of \$1,614,000 for the GS-Other class and \$1,179,800 for the DS/IS class, if Columbia's proposed increase is approved. Given that both of these classes' returns are above the total company return of 5.17 percent, explain why the GS-Other class should receive one-half and the DS/IS class should receive the full amount of the company-wide percentage increase in base rate revenues.

RESPONSE: The GS-other rate of return at current rates (7.84%) is approximately 50% greater than the system-wide ROR (5.17%), whereas the DS/IS rate of return (5.57%) is only slightly higher than the system average ROR (5.17%). As such, 50% of the approved average company percentage increase, while the DS/IS class is increased at 100% of the approved system percentage increase.

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QUESTION 23. Refer to the table on page 21 of the Watkins Testimony. Confirm that, for the DS/IS class, the OAG column should show \$1,179.8 rather than \$11,179.8.

RESPONSE: Yes. The correct recommendation is \$1,179.8

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QUESTION 24. Refer to page 25 of the Watkins Testimony.

- a. Do any of the companies that make up the Value Line group of natural gas utility companies have some kind of revenue-stabilizing mechanism(s) in place? Address each company individually.
- b. To which of the country's "largest LDCs" is Mr. Watkins referring, beginning on line 12? If specific companies are referenced, state which companies, when they last had rate increases, the levels of their current rates and their rate designs, and whether they have any revenue-stabilizing mechanism(s) in place.

RESPONSE: a. It is not known which company's do and do not have decoupling or rate stabilization mechanisms in placed in their various jurisdictions.

b. Several of the Columbia system companies, Virginia Natural Gas, Equitable Gas (until 2008), Washington Gas Light (Virginia), are those that Mr. Watkins can recall.

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QUESTION 25. Refer to page 36 of the Watkins Testimony. Line 6 contains Mr. Watkins' recommendation that Columbia's proposed increase in the reconnection fee for nonpayment of bills be cut in half. Is the AG recommending a reconnection fee of \$42.50 as opposed to \$60?

RESPONSE: I believe some increase may be required and used a conservative number of \$42.50 which reflects the average of the existing charge and the one proposed. Given the state of the economy, however, I would not oppose leaving the charge as it currently exists.

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QUESTION 26. Refer to pages 38-42 of the Watkins Testimony.

- a. Explain whether Mr. Watkins is aware of whether KRS 278.509 requires a showing of extraordinary circumstances in order for a regulated utility to be allowed recovery of investment in natural gas pipeline replacement programs.
- b. Explain whether Mr. Watkins is aware of whether recovery of investment in natural gas pipeline replacement programs by means other than through base rates is permitted under KRS 278.509.

RESPONSE:

- a. I am not aware of the statute or its implications.
- b. I am not aware of any other statutory basis as I am not an attorney and counsel has not advised me on this issue.

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QUESTION 27. Refer to page 44 of the Watkins Testimony. Beginning on line 16, Mr. Watkins states his disagreement with the inclusion of natural gas fireplaces and/or gas logs in Columbia's proposed high-efficiency rebate program. Mr. Watkins states that these devices are used largely for aesthetic and recreational purposes and should not be included. Explain whether it is Mr. Watkins' contention that a customer with an efficient gas log fireplace would not use it for space heating purposes.

RESPONSE: I opine that generally, it may be used as a secondary source but not as the primary source.

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QUESTION 28. Refer to page 45 of the Watkins Testimony. As a matter of clarification, is the AG aware that DSM cost recovery has been approved on a volumetric basis only for Delta Natural Gas Company, Louisville Gas and Electric Company, Atmos Energy Corporation, and Duke Energy Kentucky?

RESPONSE: Counsel has advised me of general facts only and not any particular case.

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QUESTION 29. Provide Schedule GAW_2 electronically on CD-ROM in Microsoft Excel format with all formulas intact and unprotected.

RESPONSE: See attached. Please note that Mr. Watkins' cost of service model utilizes LOTUS 1-2-3 (also attached). A translation to Excel is provided as a courtesy.

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QUESTION 30. Refer to Schedule GAW_5. Under the Revenue Requirement section of this schedule, explain how Interest of \$934,454 and Equity Return of \$1,654,090 were calculated.

RESPONSE: See attached excel file that provides the requested calculation.

**Columbia Gas of Kentucky
OAG Determination of Customer Costs**

	Residential	
<u>Gross Plant:</u>		
Services	\$72,156,173	
Meters	\$7,222,237	
Meter Installations	\$4,816,196	
House Regulators	\$2,408,590	
House Regulator Installations	\$1,426,824	
Telemetry	\$820,368	
Total Gross Plant	\$88,030,020	
<u>Depreciation Reserve:</u>		
Services	-\$45,782,470	
Meters	-\$2,490,867	
Meter Installations	-\$2,057,217	
House Regulators	-\$629,836	
House Regulator Installations	-\$1,005,587	
Telemetry	-\$261,223	
Total Depreciation Reserve	-\$52,227,200	
Total Net Plant	\$35,802,820	
<u>Operation & Maintenance Expenses:</u>		
Oper Meter & House Reg	\$1,074,592	
Oper Customer Install Exp	\$744,475	
Maint Services	\$441,247	
Maint Meters & House Reg	\$61,063	
Meter Reading Expense	\$1,085,179	
Cust. Records & Collection Exp.	\$2,399,064	
Total O & M Expenses	\$5,805,620	
<u>Depreciation Expense:</u>		
Services	\$3,018,266	
Meters	\$249,737	
Meter Installations	\$160,167	
House Regulators	\$71,500	
House Regulator Installations	\$23,596	
Total Depreciation Expense	\$3,523,266	
<u>Revenue Requirement:</u>		
Interest	\$934,454	
Equity return	\$1,654,090	
Federal Tax @ 35%	\$890,664	
State Tax @ 6.00%	\$162,431	
O & M Expenses	\$5,805,620	
Depreciation Expense	\$3,523,266	
Less Reconnection Revenue	-\$105,617	1/
Subtotal Revenue Requirement	\$12,864,908	
Uncollectible @ 1.0945%	\$142,365	2/
Total Revenue requirement	\$13,007,273	
Number of Bills	1,496,604	
Monthly Cost	\$8.69	

Cost of Capital

	PCT	Cost	WGHT Cost
Debt	50.00%	5.22%	2.61%
Common	50.00%	9.25%	4.62%
Total	100.00%		7.23%

1/ Reconnection Revenue represents total company reconnection revenue at current rate (\$117,902) provided in response to AG-1-256 times the residential number of customers allocation factor (89.58%).

2/ Per witness Henkes