

September 23, 2009

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

P.O. Box 14241
2001 Mercer Road
Lexington, KY 40512-4241

RECEIVED
SEP 23 2009
PUBLIC SERVICE
COMMISSION

Re: Columbia Gas of Kentucky, Inc.
General Rates Case No. 2009 - 00141

Dear Mr. Derouen:

On September 18, 2009, the Commission conducted the public hearing on the reasonableness of the Stipulation and Recommendation filed in this docket. At that time, Columbia Gas of Kentucky, Inc. ("Columbia") was requested to provide revisions to two tariff pages that were previously included in the Stipulation and Recommendation. Columbia hereby submits an original and ten (10) copies of the following:

- Third Revised Sheet No. 48, as filed in the Stipulation and Recommendation on September 14, 2009, marked to show the deletions pursuant to the hearing. The result is that the currently effective Second Revised Sheet No. 48 will remain in effect without revision. A copy of Second Revised Sheet No. 48 is included for reference.
- Third Revised Sheet No. 74, as filed in the Stipulation and Recommendation on September 14, 2009, marked to show the deletions pursuant to the hearing. The resulting page is Substitute Third Revised Sheet No. 74.

Also enclosed are an original and ten (10) copies of Second Substitute Original Sheet No. 51e. On September 16, 2009, Columbia filed Substitute Original Sheet No. 51e. It has come to Columbia's attention that the intended changes were not made in the body of that page, only the page number was changed. Therefore, the page is resubmitted with the intended changes as discussed in the Informal Conference on September 15, 2009.

Very truly yours,

Stephen B. Seiple (gmc)

Stephen B. Seiple
Assistant General Counsel

Enclosures

cc: Parties of Record
Hon. Richard S. Taylor

COLUMBIA GAS OF KENTUCKY, INC.

**GAS COST ADJUSTMENT CLAUSE
APPLICABLE TO ALL RATE SCHEDULES**

GAS COST ADJUSTMENT CLAUSE

Determination of GCA

Company shall file a quarterly report with the Commission which shall contain an updated Gas Cost Adjustment (GCA) Rate and shall be filed at least thirty (30) days prior to the beginning of each quarterly calendar period. The GCA shall become effective for billing with the final meter readings of the first billing cycle of each quarterly calendar period.

The gas cost adjustment is comprised of:

- (1) The Expected Gas Cost Component (EGC), on a dollar-per-Mcf basis, is made up of two components: (a) Expected Commodity Gas Cost which applies to Rate Schedules GS, IS, and IUS, and represents the average expected commodity cost of gas supplied, and (b) Expected Demand Gas Cost which applies to Rate Schedules GS, IUS and SVAS, and represents the average expected demand cost of gas supplied, excluding the Standby Service demand costs to be recovered from IS Customers and General Service Delivery Service Customers. The Commodity Gas Cost component of the EGC includes the gains and losses resulting from the settlement of gas futures contracts entered into pursuant to the Company's Commission approved hedging plan and all transaction fees and other brokerage fees or costs associated with the use of those gas futures contracts.
- (2) The supplier Refund Adjustment (RA), on a dollar-per-Mcf basis, which reflects refunds received during the reporting period plus interest at a rate equal to the average of the "three month commercial paper rate" for the immediately preceding twelve month period. In the event of any large or unusual refunds, Company may apply to the Commission for the right to depart from the refund procedure herein set forth.
- (3) The Actual Cost Adjustment (ACA), on a dollar-per-Mcf basis, which compensates for any previous over or undercollections of gas costs, ~~except Gas Cost Uncollectibles,~~ experienced by the company through the operation of this gas cost recovery procedure. The ACA shall be based on the twelve months ended June 30th each year, with the ACA factor to be in effect for twelve months beginning September 1st of each year. N
- (4) The Balancing Adjustment (BA), on a dollar-per-Mcf basis, which compensates for any under or overcollections which have occurred as a result of prior adjustments, ~~except Gas Cost Uncollectibles.~~ N
- (5) The Gas Cost Incentive Adjustment (GCIA), on a dollar-per -Mcf basis, which is calculated annually based on the prior April through October period, with the GCIA factor to be in effect for twelve months beginning March 1st each year.
- (6) The Off-System Sales and Capacity Release Adjustment (OSCRA), on a dollar-per-Mcf basis, which is calculated annually based on the twelve months ended September 30th of each year, with the OSCRA factor to be in effect for twelve months beginning December 1st of each year.

-NOTE: —All adjustments will be assigned to the Expected Demand Gas Cost or Expected Commodity Gas Cost components.

DATE OF ISSUE: September 23rd, 2009

DATE EFFECTIVE: October 27, 2009

ISSUED BY: Herbert A. Miller, Jr.

President

COLUMBIA GAS OF KENTUCKY, INC.

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NOTE: All adjustments will be assigned to the Expected Demand Gas Cost or Expected Commodity Gas Cost components.

DATE OF ISSUE: April 12, 2005

DATE EFFECTIVE: April 1, 2005

ISSUED BY: Joseph W. Kelly

President

Issued by authority of an Order of the Public Service Commission in Case No. 2004-00462 dated March 29, 2005

COLUMBIA GAS OF KENTUCKY, INC.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)**

25. LATE PAYMENT PENALTY

A Late Payment Penalty of five percent (5%) may be assessed, only once on any bill for rendered services, if Customer fails to pay bill by the due date shown on Customer's bill. Any payment received will first be applied to the bill for service rendered. Additional penalty charges shall not be assessed on unpaid penalty charges. Customers enrolled in utility bill assistance programs (including those customers who have been issued a Certificate of Need) shall not be charged a late payment charge.

If prior to the due date of payment, Customer in good faith disputes the bill in part or total, and pays to Company such amounts as it concedes to be correct, and at any time thereafter within ten (10) days of a demand made by Company, furnishes a surety bond in an amount and with surety satisfaction to Company, guaranteeing payment to Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then Company shall not be entitled to suspend further delivery of gas unless and until default be made in the conditions of such bond.

~~Columbia's residential customers who have entered into payment plans will not be charged a late payment charge on arrearages so long as such customers remain current on their payments under the terms of the agreed upon payment plan. Columbia customers enrolled in utility bill assistance programs (including those customers who have been issued a Certificate of Need) shall not be charged a late payment charge.~~

26. RETURNED CHECK FEE

If Customer's check tendered in payment of a bill for service is returned by a bank as unpaid, Customer will be charged a fee of fifteen dollars (\$15.00) to cover the cost of further processing of the account.

27. BILL ADJUSTMENT AND MONITORING OF CUSTOMER USAGE

Bill Adjustment. If upon periodic test, request test, or complaint test a meter in service is found to be more than two (2) percent fast, additional tests shall be made to determine the average error of the meter. Said tests shall be made in accordance with commission regulations applicable to the type of meter involved.

If test results on Customer's meter show an average error greater than two (2) percent fast or slow, or if Customer has been incorrectly billed for any other reason, except in an instance where Company has filed a verified complaint with the appropriate law enforcement agency alleging fraud of theft by Customer, Company shall immediately determine the period during which the error has existed, and shall recompute and adjust Customer's bill to either provide a refund to Customer or collect an additional amount of revenue from the underbilled Customer. Company shall readjust the account based upon the period during which the error is know to have existed. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using such data as elapsed time since the last meter test, if applicable, and historical usage data for Customer. If that data is not available, the average usage of similar customer loads shall be used for comparison purposes in calculating the time period. If Customer and Company are unable to agree on an estimate of the time period during which the error existed, Commission shall determine the issue. In all instances of Customer overbilling, Customer's account shall be credited or

COLUMBIA GAS OF KENTUCKY, INC.

the overbilled amount refunded at the

DATE OF ISSUE: September 23rd, 2009

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President

GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS
(Continued)

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President

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**ENERGY EFFICIENCY AND CONSERVATION RIDER
ENERGY EFFICIENCY/CONSERVATION PROGRAM COST RECOVERY
(Continued)**

EECPLS = EECR REVENUE FROM LOST SALES (continued)

The estimated reduction in customer usage (in Mcf) as a result of the approved programs shall be multiplied by the delivery charge per Mcf for purposes of determining the lost revenue to be recovered hereunder.

The aggregate lost revenues attributable to the program participant shall be divided by the estimated number of customers for the upcoming twelve-month period to determine the applicable EECPLS surcharge.

~~Recovery of revenues from lost sales calculated for a twelve-month period shall be included in the EECPLS as long as a volumetric delivery charge is included in applicable standard rate, Rate Schedule GSR or Rate Schedule GSO, or until the next general rate case of the company.~~

Revenues collected hereunder are based on engineering estimates of energy savings, actual program participation and estimated number of customers for the upcoming twelve-month period. At the end of each such period, any difference between the lost revenues actually collected hereunder and the lost revenues determined after any revisions of the engineering estimates, actual program participation and numbers of customers are accounted for shall be reconciled in future billings under the EECR Balance Adjustment (EECRBA) component.

EECRI = EECR INCENTIVE

For all Energy Efficiency/Conservation Programs, the EECR incentive amount shall be computed by multiplying the net resource savings estimated from the approved programs times fifteen (15) percent. Net resource savings are defined as program benefits less utility program costs and participant costs where program benefits will be calculated on the basis of the present value of Company's avoided commodity costs over the expected life of the program.

The EECR incentive amount shall be divided by the expected number of customers for the upcoming twelve-month period to determine the EECRI. EECR incentive amounts will be assigned for recovery purposes to the rate classes whose programs created the incentive.

EECRBA = EECR BALANCE ADJUSTMENT

The EECRBA shall be calculated on a twelve-month basis and is used to reconcile the difference between the amount of revenues actually billed through the EECPCR, EECPLS, EECRI and previous application of the EECRBA and the revenues which should have been billed.

The program has an October year-end with rates to be effective with meter readings beginning on and after Company's February Unit 1 billing cycle.

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COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**ENERGY EFFICIENCY AND CONSERVATION RIDER
ENERGY EFFICIENCY/CONSERVATION PROGRAM COST RECOVERY
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