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March 31, 2010

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

RECEIVED

CASE NO. 2010-00143 MAR 31 2010

PUBLIC SERVICE
COMMISSION

**Re: Columbia Gas of Kentucky, Inc.
2010 Accelerated Main Replacement Program Filing**

Dear Mr. Derouen:

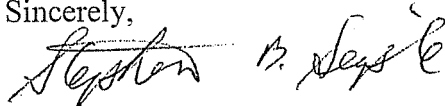
Pursuant to the Commission's Order dated October 26, 2009 in Case No. 2009-00141, Columbia Gas of Kentucky, Inc. ("Columbia") hereby encloses for filing with the Commission, an original and ten (10) copies of Columbia's 2010 annual update data submitted pursuant to the requirements of the Accelerated Main Replacement Program Rider contained in Columbia's tariff. By updating the rider, Columbia proposes to increase its current rates to tariff customers effective May 28, 2010 (the beginning of Columbia's June billing cycle) as follows:

Rate GSR, Rate SVGTS – Residential Service	\$0.50
Rate GSO, Rate GDS, Rate SVGTS – Commercial or Industrial	\$1.87
Rate IUS, Rate IUDS	\$19.71
Rate IS, Rate DS ^{1/} , Rate SAS	\$108.19

^{1/} Excluding customers subject to Flex Provisions of Rate Schedule DS

Please feel free to contact me at sseiple@nisource.com or 614-460-4618 if there are any questions.

Sincerely,



Stephen B. Seiple
200 Civic Center Drive
P. O. Box 117
Columbus, Ohio 43216-0117

Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601

Attorneys for **COLUMBIA GAS OF KENTUCKY, INC.**

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2010 - 00143

AMRP ANNUAL FILING AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE JUNE 2010 BILLINGS

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Accelerated Main Replacement Program
AMRP Rider by Rate Schedule

Line No.	<u>Rate Schedule</u> (1)	<u>Base Revenue as</u> <u>Approved PSC</u> <u>Case No. 2009-00141</u> (2)	<u>Allocation</u> <u>Percent /1</u> (3)	<u>Revenue</u> <u>Requirement</u> (4)	<u>Billing</u> <u>Determinant</u> <u># of Bills /2</u> (5)	<u>Monthly</u> <u>AMRP</u> <u>Rider</u> (6)
1	Rate GSR, Rate SVGTS - Residential Service	\$34,985,685	63.973%	\$720,450	1,441,855	\$0.50
2	Rate GSO, Rate GDS, Rate SVGTS - Com. or Ind. Service	\$15,193,128	27.781%	\$312,864	167,275	\$1.87
3	Rate IUS, Rate IUDS	\$22,785	0.042%	\$473	24	\$19.71
4	Rate IS, Rate DS ^{3/} , Rate SAS	\$4,486,725	8.204%	\$92,392	854	\$108.19
5	TOTAL	<u>\$54,688,323</u>	<u>100.000%</u>	<u>\$1,126,178</u>	<u>1,610,008</u>	

1/ Allocation percent is based on the overall base revenue distribution approved in PSC Case No. 2009-00141.

2/ Billing Determinants based on projected twelve months ending May 31, 2011 bills.

3/ Excluding customers subject to the Flex Provisions of Rate Schedule DS.

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Accelerated Main Replacement Program

Line No.		Actual Thru December 31, 2008 (1)	Activity Thru December 31, 2009 (2)	Total As Of December 31, 2009 (3)	Reference (4)
Return on Investment					
<u>Rate Base</u>					
1	AMRP Investment-Property, Plant and Equipment	-	7,496,721	7,496,721	Form 2.0
2	Cost of Removal	-	523,010	523,010	Form 2.0
3	Accumulated Reserve for Depreciation	-	<u>1,813,503</u>	<u>1,813,503</u>	Form 2.0
4	Net PP&E		9,833,233	9,833,233	
5	Deferred Taxes on Liberalized Depreciation	-	<u>(1,363,811)</u>	<u>(1,363,811)</u>	Form 2.1
6	Net Rate Base		8,469,422	8,469,422	Line 4 + Line 5
7	Authorized Rate of Return, Adjusted for Income Taxes		<u>11.58%</u>		Form 1.2
8	Return on AMRP Related Investment	-	<u>980,522</u>	<u>980,522</u>	Line 6 * Line 7
<u>Operating Expenses</u>					
9	Annualized Depreciation	-	145,656	145,656	Form 2.0
10	Current Year O & M Account 887	-	1,590,535	1,590,535	Per FERC Form 2 Pg. 324
11	O&M Account 887 as approved in Case No. 2009-00141	-	<u>1,496,839</u>	<u>1,496,839</u>	
12	O&M Savings Realized	-	-	-	Line 10 less Line 11
13	Total Operating Expenses	-	145,656	145,656	Line 9 + Line 12
14	Total Annual Revenue Requirement	-	<u>1,126,178</u>	<u>1,126,178</u>	Line 8 + Line 13

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Accelerated Main Replacement Program
Rate of Return

<u>Line No.</u>	<u>Capital Structure</u> (1)	<u>Ratio</u> (2)	<u>Cost</u> (3)	<u>Weighted Cost</u> (4)	<u>Pre-Tax @ Effect tax of 38.90%</u> (5)
1	Short term Debt	5.43%	3.24%	0.18%	0.18%
2	Long term Debt	42.56%	5.76%	2.45%	2.45%
3	Equity	<u>52.02%</u>	10.50%	<u>5.47%</u>	<u>8.95%</u>
4	Total	100.00%		8.10%	11.58%

Columbia Gas of Kentucky, Inc.
Annual Adjustment to the Accelerated Main Replacement Program
Book Depreciation

Line No.	Description (1)	Account Number (2)	2009		Depr on Beginning Balance (5)=(3)*(4)	2009		Annualized Depreciation (8)=(3+6)*(4)
			Beginning Plant Balance (3)	Depr Rates (4)		Additions & Retirements (6)	Depr on Adds/(Ret) (7)=(4)*(6)*50%	
<u>Additions</u>								
1	Mains-AMRP	376.25	-	1.57%	-	5,247,698	41,194	82,389
2	Plant Regulators	378.25	-	2.35%	-	52,581	618	1,236
3	Service Lines	380.25	-	2.59%	-	3,827,494	49,566	99,132
4	Meter Installations	382.25	-	2.39%	-	84,253	1,007	2,014
5	House Regulators	383.25	-	1.39%	-	171,025	1,189	2,377
6	Total Additions		-		-	9,383,051	93,574	187,148
<u>Retirements</u>								
7	Mains-AMRP	376.25	-	1.57%	-	(657,906)	(5,165)	(10,329)
8	Plant Regulators	378.25	-	2.35%	-	(50,651)	(595)	(1,190)
9	Service Lines	380.25	-	2.59%	-	(1,067,671)	(13,826)	(27,653)
10	Meter Installations	382.25	-	2.39%	-	(78,907)	(943)	(1,886)
11	House Regulators	383.25	-	1.39%	-	(31,196)	(217)	(434)
12	Total Retirements		-		-	(1,886,331)	(20,746)	(41,492)
13	<u>Total Plant</u>		-		-	<u>7,496,721</u>	<u>72,828</u>	<u>145,656</u>
14	<u>Cost of Removal</u>		-			<u>523,010</u>		

FERC FORM 2
FOR YEAR ENDED 2009
PAGE 234

Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2010	Dec. 31, 2009
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	2,095,499	2,029,868	
209	875 Measuring and Regulating Station Expenses-General	227,442	194,388	
210	876 Measuring and Regulating Station Expenses-Industrial	36,950	35,558	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	-	-	
212	878 Meter and House Regulator Expenses	1,564,353	1,658,102	
213	879 Customer Installations Expenses	1,314,966	1,147,102	
214	880 Other Expenses	1,456,021	1,590,193	
215	881 Rents	75,515	71,888	
216	TOTAL Operation (Total of lines 204 thru 215)	7,444,911	7,500,723	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	64,541	97,268	
219	886 Maintenance of Structures and Improvements	117,772	87,171	
220	887 Maintenance of Mains	1,590,535	1,458,638	
221	888 Maintenance of Compressor Station Equipment		-	
222	889 Maintenance of Measuring and Regulating Station Equipment-General	125,937	113,854	
223	890 Maintenance of Meas. And Reg. Station Equipment-Industrial	151,534	104,514	
224	891 Maintenance of Meas. And Reg. Station Equip-City Gate Check Station		-	
225	892 Maintenance of Services	490,940	471,011	
226	893 Maintenance of Meters and House Regulators	176,789	97,409	
227	894 Maintenance of Other Equipment	208,946	173,656	
228	TOTAL Maintenance (Total of lines 218 thru 227)	2,926,994	2,603,521	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	10,371,905	10,104,244	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	6,485	6,432	
233	902 Meter Reading Expenses	1,284,809	1,219,048	
234	903 Customer Records and Collection Expenses	2,609,679	2,648,119	

PROPOSED TARIFF SHEETS

COLUMBIA GAS OF KENTUCKY, INC.

**RIDER AMRP
ACCELERATED MAIN REPLACEMENT PROGRAM RIDER**

APPLICABILITY

Applicable to all customers receiving service under the Company's Rate Schedules GS, IS, IUS, SVGTS, DS and SAS.

CALCULATION OF ACCELERATED MAIN REPLACEMENT RIDER REVENUE REQUIREMENT

The AMRP Rider Revenue Requirement includes the following:

- a. AMRP-related Plant In-Service not included in base gas rates minus the associated AMRP-related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to AMRP construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the AMRP = related Plant In-Service less retirement and removals; and;
- e. Reduction for savings in Account No. 887 – Maintenance of Mains.

ACCELERATED MAIN REPLACEMENT PROGRAM FACTORS

All customers receiving service under Rate Schedules GSR, GSO, IS, IUS, SVGTS, DS, GDS and SAS shall be assessed a monthly charge in addition to the Customer Charge component of their applicable rate schedule that will enable the Company to complete the accelerated main replacement program.

Rider AMRP will be updated annually, in order to reflect the impact on the Company's revenue requirements of net plant additions as offset by operations and maintenance expense reductions during the most recent twelve months ended December. Such adjustment to the Rider will become effective with meter readings on and after the first billing cycle of June, and will reflect the allocation of the required revenue increase based on the revenue distribution approved by the Commission.

The charges for the respective gas service schedules for the revenue month beginning June 2010 per billing period are:

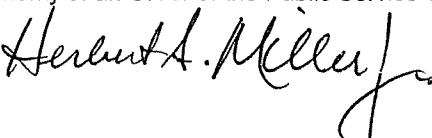
Rate GSR, Rate SVGTS - Residential Service	\$ 0.50
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ 1.87
Rate IUS, Rate IUDS	\$ 19.71
Rate IS, Rate DS ^{1/} , Rate SAS	\$108.19

^{1/} - Excluding customers subject to Flex Provisions of Rate Schedule DS

DATE OF ISSUE: March 31, 2010

DATE EFFECTIVE: May 28, 2010
(Unit 1 June 2010 Billing Cycle)

Issued by authority of an Order of the Public Service Commission in Case No. 2009-00141 dated October 26, 2009

Issued by: 

President

COLUMBIA GAS OF KENTUCKY, INC.

**RIDER AMRP
 ACCELERATED MAIN REPLACEMENT PROGRAM RIDER**

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The charges for the respective gas service schedules for the revenue month beginning June 2010 per billing period are:

Rate GSR, Rate SVGTS - Residential Service	\$ <u>0.00-0.50</u>
Rate GSO, Rate GDS, Rate SVGTS - Commercial or Industrial Service	\$ <u>0.00 1.87</u>
Rate IUS, Rate IUDS	\$ <u>0.0019.71</u>
Rate IS, Rate DS ^{1/} , Rate SAS	\$ <u>0.00108.19</u>

^{1/} - Excluding customers subject to Flex Provisions of Rate Schedule DS

DATE OF ISSUE: ~~November 6, 2009~~ March 31, 2010

DATE EFFECTIVE: ~~October 27, 2009~~ May 28, 2010

(Unit 1 June 2010 Billing Cycle)

Issued by authority of an Order of the Public Service Commission in Case No. 2009-0014:1 dated October 26, 2009

Issued by: Herbert A. Miller, Jr.

President