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**PUBLIC SERVICE
COMMISSION**

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

June 1, 2010

Dear Mr. Derouen

Pursuant to the Commission's Order of November 7, 2008 in Case No. 2008-00195, Columbia Gas of Kentucky, Inc. hereby files its Annual Report on the Customer CHOICESM program. If you have any questions, please call me at (859) 288-0242. Thank you.

Sincerely,



Judy M. Cooper
Director, Regulatory Affairs

Enclosures



**Columbia Gas of Kentucky, Inc.
Customer ChoiceSM Program
Annual Report**

2010



**Columbia Gas of Kentucky, Inc.
Customer ChoiceSM Program Annual Report
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Introduction

Columbia Gas of Kentucky's ("Columbia's") application requesting approval of its initial Customer Choice Program described an annual report to be filed with the Kentucky Public Service Commission ("Commission"). The initial pilot program began in 2000 and terminated on March 31, 2005. Columbia's new pilot Customer Choice Program became effective on April 1, 2005, and by Order dated November 8, 2008 was extended through March 31, 2011. The Commission's Order authorizing the current program required that Columbia continue to file annual reports. This eighth annual report will summarize the existing program and customer complaints.

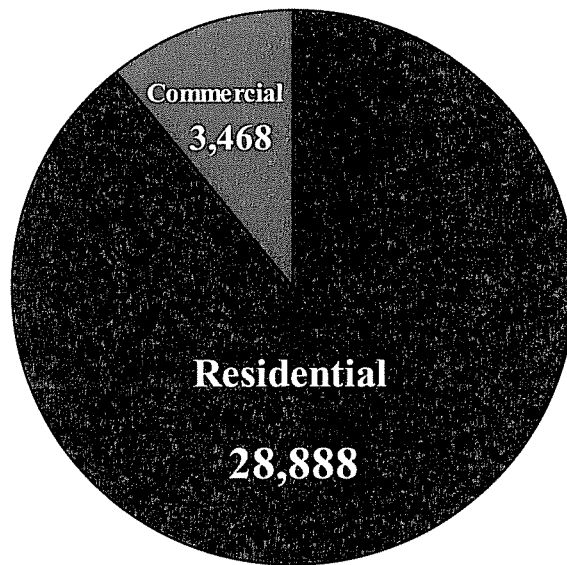
Columbia identified three goals that it believed would be critical to the success of the new Program. These goals were used as a guide when developing the details of the Program. The goals were reviewed with the stakeholders and stated clearly in the application to the Commission. The stakeholders and intervenors before the Commission representing residential and commercial customer interests and third-party natural gas suppliers were the Office of the Attorney General of the Commonwealth of Kentucky, the Lexington-Fayette Urban County Government, and the Community Action Council for Fayette, Bourbon, Harrison and Nicholas Counties, Interstate Gas Supply, Inc., and MX Energy, Inc. The stated goals, listed below are accomplished through the model approved by the Commission

- The program must provide an opportunity for residential and small commercial customers to have additional gas supply options available, and provide an opportunity for reduced gas prices, and/or more stable gas prices, while maintaining reliability of service.
- The program must allow Columbia to recover its costs of administering the program, and should provide incentives that will encourage Columbia to promote the CHOICE program; and,
- Customers who choose to continue to purchase their gas supply using Columbia's traditional sales service should not incur any additional charges because of the implementation of the Customer CHOICE Program.

The participating marketers are a combination of long term participants and new entrants over the past year in Columbia's CHOICE Program, providing numerous gas supply options. As of March 2010, Choice customers have saved (\$17,280,299). This savings is calculated as the amount paid by customers compared to the amount the customers would have paid if they had not opted to be supplied by a marketer in the first place. This is the grand total from the initial Choice program to most recent month available.



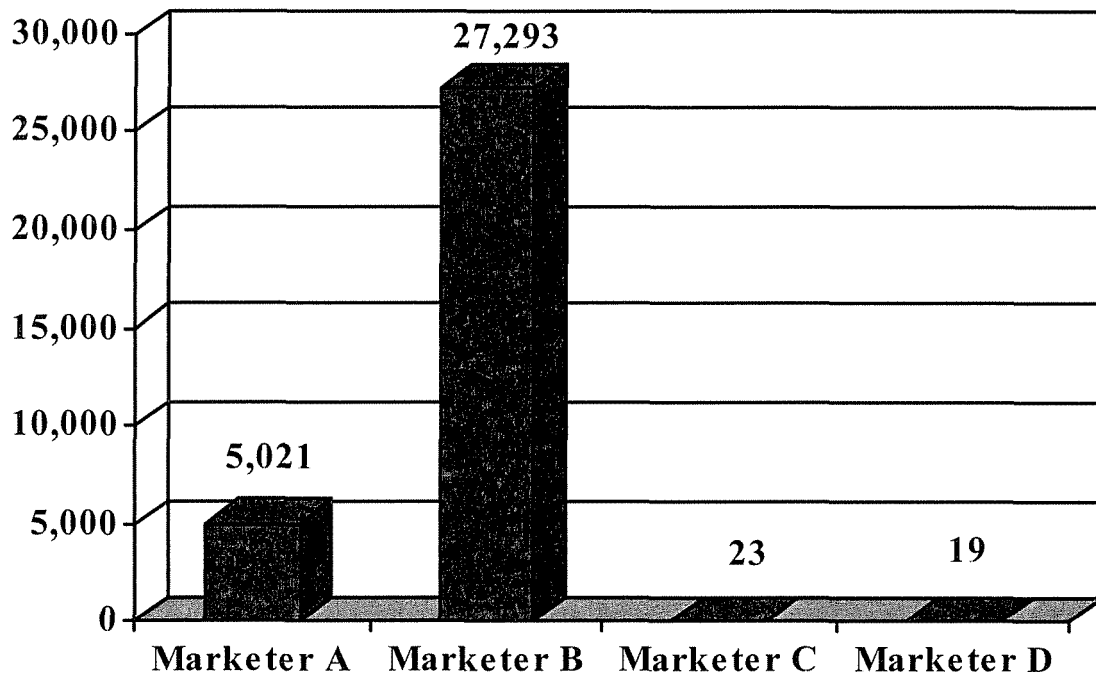
Residential & Commercial Customer Participation



As of March 15, 2010

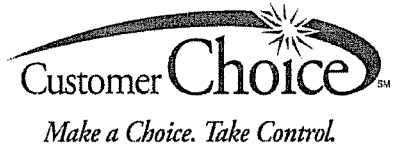


Marketer Enrollment

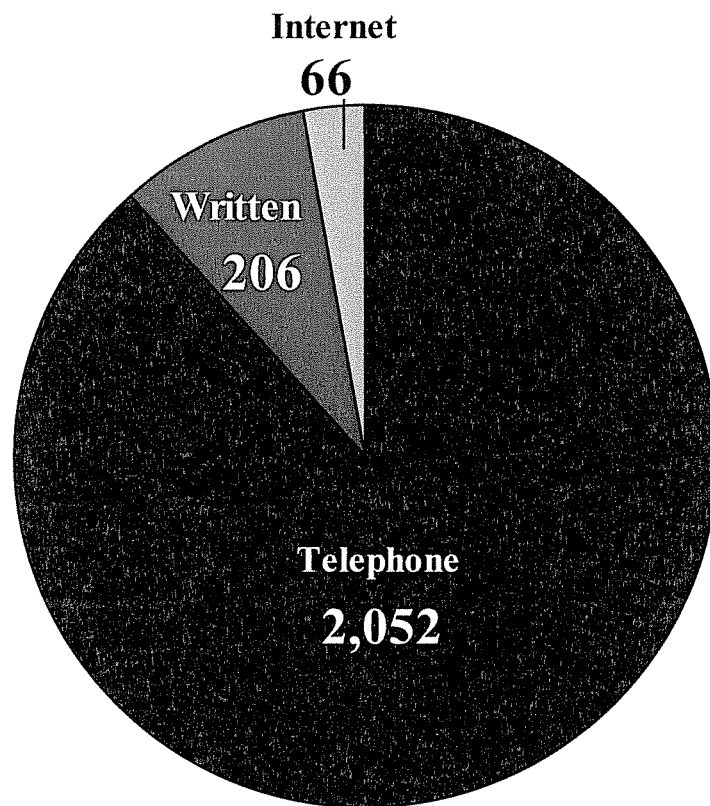


Note: In an effort to avoid undue influence in a competitive market, marketer data for this report will not be identified by specific marketer name.

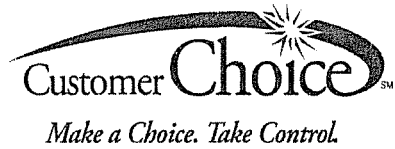
As of March 15, 2010



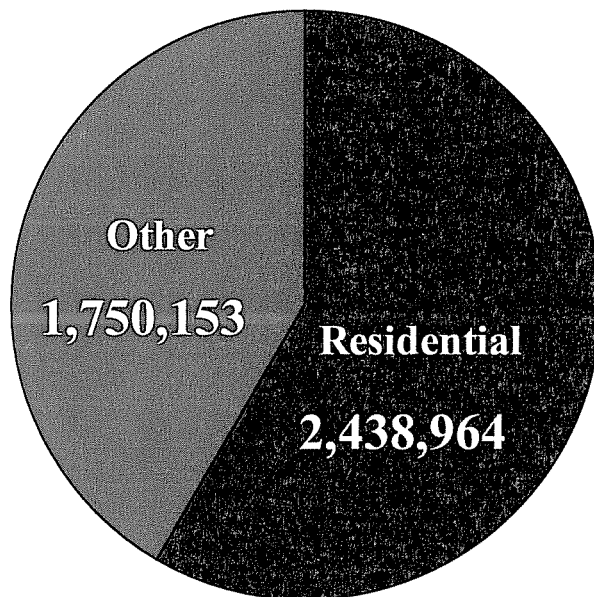
Methods of Enrollment



As of May 15, 2010

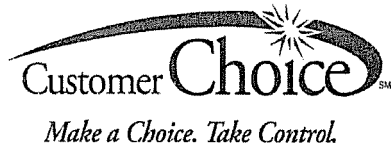


Total Volumes Purchased From Marketers By Participating Customers (Mcf)

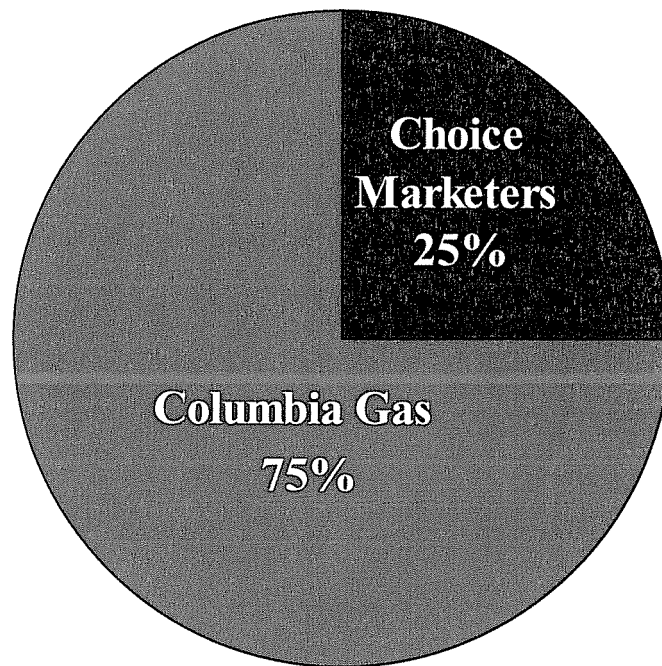


Total = 4,189,117 Mcf Annually

As of March 31, 2010



Percentage of Customer Participation By Volume



25 percent of total eligible throughput is being supplied by a Choice marketer.

As of March 31, 2010

Certified Marketers

Interstate Gas Supply, Inc.
Vincent Parisi
5020 Bradenton Avenue
Dublin, Ohio 43017
800-280-4474

MxEnergy.com, Inc.
Kristin Kreuder
595 Summer Street, Suite 300
Stamford, Connecticut 06901
800-785-4373

Stand Energy Corporation
John M. Dosker
1071 Celestial Street, Suite 110
Cincinnati, Ohio 45202-1629
800-598-2046

Gateway Energy Services Corporation
Joseph Waldman
400 Rella Blvd., Suite 300
Montebello, NY 10901
(800) 244-2275

Volunteer Energy Services, Inc.
Richard A. Curnutte, Sr.
790 Windmill Drive
Pickerington, Ohio 43147
800-977-8374

Rates Charged by Marketers

The following marketer rates are not identified by marketer name in order to avoid undue influence in a competitive market.

Marketer	Rates as of May 2010
A	\$ 7.99 per Mcf \$ 8.99 per Mcf \$ 8.24 per Mcf \$ 8.49 per Mcf \$ 9.49 per Mcf \$ 13.79 per Mcf \$ 6.99 per Mcf \$ 6.6320 per Mcf \$ 9.79 per Mcf \$ 10.99 per Mcf \$ 8.50 per Mcf \$ 9.99 per Mcf \$ 7.74 per Mcf
B	\$ 9.85 per Mcf \$ 9.79 per Mcf \$ 10.29 per Mcf \$ 7.99 per Mcf \$ 8.19 per Mcf \$ 14.79 per Mcf \$ 12.30 per Mcf \$ 13.50 per Mcf \$ 13.99 per Mcf \$ 9.92 per Mcf \$ 8.09 per Mcf \$ 9.39 per Mcf \$ 15.84 per Mcf \$ 8.89 per Mcf \$ 12.69 per Mcf \$ 10.90 per Mcf \$ 12.70 per Mcf \$ 13.27 per Mcf
C	\$ 8.34 per Mcf \$ 8.20 per Mcf \$ 8.7260 per Mcf \$ 9.3060 per Mcf \$ 7.9230 per Mcf
D	\$ 3.9770 per Mcf

Customer Concerns

The Customer Contact Center received 2,265 calls from May 2009 through April 2010 from customers seeking information about the Customer Choice Program. The nature of the concerns of the customers are shown below.

Choice Information	1,654
Customer Exclusion	5
Marketer Complaint	18
Marketer Savings	227
Price to Compare	359
Send Brochure	2